

Financial Statements of the Government of New Zealand

For the Nine Months Ended
31 March 2018



Prepared by the Treasury
8 May 2018

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

978-1-98-855637-6 (Print)
978-1-98-855638-3 (Online)

New Zealand Government

CONTENTS

Commentary	1
-------------------	----------

Unaudited Financial Statements

Statement of Financial Performance	6
<i>The statement outlines the operating results of the total Government (ie, the revenues and expenses of all departments + Reserve Bank + NZS Fund (core Crown), SOEs (including Air New Zealand), and Crown entities).</i>	
Analysis of Expenses by Functional Classification	7
<i>Breakdown of expenses by function for total Crown and core Crown.</i>	
Statement of Comprehensive Revenue and Expense	8
<i>The statement reports changes in net worth due to the operating balance, items of revenue or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	8
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	9
<i>The statement sets out the cash flows that result from the operating, investing and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Financial Position	11
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Segments	12
<i>The statement provides summary financial results by segment (Core Crown, SOEs and Crown entities).</i>	
Statement of Borrowings	13
<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	14
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	14
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	15
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	

Officer for Enquiries

Jayne Winfield (phone 64-4-890-7205) (email: fiscalreporting@treasury.govt.nz)
Office of the Government Accountant
The Treasury (1 The Terrace), PO Box 3724, Wellington
NEW ZEALAND



Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 March 2018, and the financial results of operations and cash flows for the period ended on that date.

The March results are reported against forecasts based on the *2017 Half Year Economic and Fiscal Update* (HYEFU 17), published on 14 December 2017.

Comparison against forecast

Results can fluctuate from month to month as the recognition of revenue and expenses vary. The results do not necessarily indicate a deviation from the full year expected results.

Table 1 – Key indicators for the nine months ended 31 March 2018 compared to *HYEFU 17*

	Year to date				Full Year
	March 2018 Actual ¹ \$m	March 2018 HYEFU 17 Forecast ¹ \$m	Variance ² to HYEFU 17 \$m	Variance to HYEFU 17 %	June 2018 HYEFU 17 Forecast ³ \$m
Core Crown					
Core Crown tax revenue	57,469	56,371	1,098	1.9	78,172
Core Crown revenue	62,200	61,044	1,156	1.9	84,670
Core Crown expenses	59,058	59,130	72	0.1	81,653
Core Crown residual cash	(1,551)	(2,988)	1,437	48.1	(2,647)
Gross debt ⁴	87,704	85,263	(2,441)	(2.9)	84,524
<i>as a percentage of GDP</i>	30.9%	30.1%			29.5%
Net debt ⁵	60,784	62,949	2,165	3.4	62,114
<i>as a percentage of GDP</i>	21.4%	22.2%			21.7%
Total Crown					
Operating balance before gains and losses	3,290	2,380	910	38.2	2,541
Operating balance	5,467	5,387	80	1.5	5,916
Net worth attributable to the Crown	116,023	115,989	34	-	116,568

1 Using the most recently published GDP (for the year ended 31 December 2017) of \$283,465 million (Source: Statistics New Zealand).

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

3 Using HYEFU 17 forecast GDP for the year ending 30 June 2018 of \$286,391 million (Source: The Treasury).

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

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.

Core Crown tax revenue was \$57.5 billion for the nine months to 31 March 2018, higher than forecast by \$1.1 billion. Corporate tax was above forecast by \$0.3 billion, mainly owing to provisional tax assessments and estimates being higher than expected. GST was above forecast by \$0.2 billion, primarily as a result of stronger than expected growth in residential investments. Source deductions were \$0.1 billion above forecast owing to stronger growth in employment than forecast. Customs and excise duties were also above forecast by \$0.2 billion, mainly owing to higher than forecast tobacco duty. Much of the \$1.1 billion variance is expected to remain until year end.

Core Crown expenses of \$59.1 billion were close to forecast. The transport sector saw some forecast operating expenditure (\$0.2 billion) swap to capital, particularly in relation to State highway 1 enhancements and the inland route in the Kaikōura region which is funded from the National Land Transport Fund, while the write-down on new student loan lending was \$0.1 billion lower than expected.

The **operating balance before gains and losses** (OBEGAL) was a surplus of \$3.3 billion (\$0.9 billion higher than forecast) largely driven by the core Crown results discussed above.

In addition to the OBEGAL result, net investment gains of \$3.8 billion were recorded for the period ended 31 March 2018 (\$0.6 billion higher than forecast). These gains are primarily made up of the Governments large investment portfolio managers (New Zealand Superannuation Fund and ACC). The higher gains are primarily due to the long term benchmark rate of return (used to forecast) being lower than the actual returns.

Partially offsetting these investment gains were net losses on non-financial instruments of \$1.8 billion (higher than the losses forecast by \$1.4 billion), primarily driven by changes to discount rates used to calculate the ACC claims liability. The Emissions Trading Scheme also recognised a loss of \$0.5 billion due to an increase in carbon prices.

When gains and losses are added to the OBEGAL result, the **operating balance excluding minority interests** was a \$5.5 billion surplus, \$0.1 billion larger than forecast. This result flows directly into **net worth attributable to the Crown (NWAC)** which was close to forecast at \$116.0 billion (40.9% of GDP).

Core Crown residual cash was a deficit of \$1.6 billion, \$1.4 billion lower than the forecast deficit of \$3.0 billion. This was largely driven by core Crown tax receipts as corporate tax and GST receipts were \$0.6 billion and \$0.5 billion higher than forecast respectively.

Net debt was \$60.8 billion at 31 March 2018, \$2.2 billion lower than forecast. On top of the residual cash movement, circulating currency was higher than forecast (increasing financial assets available and reducing net debt).

Gross debt, however, was \$2.4 billion higher than forecast primarily due to higher than forecast Government bonds on issue of \$1.7 billion. The Government bond repurchase programme commenced later than originally forecast while actual issuances were also above forecast.

Comparison against the prior year actuals

Table 2 – Key indicators for the nine months ended 31 March 2018 compared to prior year actuals

	Year to date				Full Year
	March 2018 Actual ¹ \$m	March 2017 Prior Year Actual ² \$m	Variance ³ to 2017 \$m	Variance to 2017 %	June 2017 Prior Year Actual ⁴ \$m
Core Crown					
Core Crown tax revenue	57,469	53,899	3,570	6.6	75,644
Core Crown revenue	62,200	58,578	3,622	6.2	81,783
Core Crown expenses	59,058	56,631	(2,427)	(4.3)	76,339
Core Crown residual cash	(1,551)	277	(1,828)	-	2,574
Gross debt ⁵	87,704	87,819	116	0.1	87,141
as a percentage of GDP	30.9%	33.6%			31.8%
Net debt ⁶	60,784	62,036	1,252	2.0	59,480
as a percentage of GDP	21.4%	23.8%			21.7%
Total Crown					
Operating balance before gains and losses	3,290	1,468	1,822	124.1	4,069
Operating balance	5,467	10,933	(5,466)	(50.0)	12,317
Net worth attributable to the Crown	116,023	100,394	15,629	15.6	110,532

1 Using the most recently published GDP (for the year ended 31 December 2017) of \$283,465 million (Source: Statistics New Zealand).

2 Using prior year published GDP (for the year ended 31 December 2016) of \$261,169 million (Source: The Treasury).

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

4 Using the most recently published revised GDP for 30 June 2017 of \$274,290 million (Source: Statistics New Zealand).

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

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

Core Crown tax revenue was \$3.6 billion (6.6%) higher than the same period last year. The growth has come mainly from PAYE (growth in employment and wage rates) and GST (growth in domestic consumption).

In nominal terms **core Crown expenses** increased by \$2.4 billion from the same time last year to reach \$59.1 billion. The increase in expenses was largely due to new spending announced in Budget 2017 as well as an increase in New Zealand superannuation expenses.

The **OBEGAL** surplus was \$1.8 billion higher than the same time last year. This was primarily due to core Crown tax revenue and core Crown expenditure discussed above as well as favourable SOE/CE results.

The **residual cash deficit** was \$1.6 billion compared to a \$0.3 billion core Crown residual cash surplus recorded in March 2017. This was largely driven by a decrease in the net purchase of investments of \$1.0 billion. Capital payments can be volatile, dependent on the timing of projects.

Core Crown net debt was \$1.3 billion lower than March 2017 largely reflecting the stronger closing net debt position recorded for the year ended 30 June 2017, partially offset by the residual cash deficit in the first nine months of this financial year.

Net worth attributable to the Crown was \$15.6 billion higher than March 2017 at \$116.0 billion, largely reflecting year end property valuations and the operating balance recorded for the 2017/18 financial year.



Unaudited Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the nine months ended 31 March 2018

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Revenue						
74,973	53,348	Taxation revenue	2	56,871	55,793	1,078	1.9	77,468
5,081	3,815	Other sovereign revenue	2	3,903	3,836	67	1.7	5,151
80,054	57,163	Total Revenue Levied through the Crown's Sovereign Power		60,774	59,629	1,145	1.9	82,619
16,871	12,390	Sales of goods and services		13,678	13,323	355	2.7	17,825
3,598	2,638	Interest revenue and dividends	3	2,708	2,828	(120)	(4.2)	3,771
3,704	2,867	Other revenue		3,052	2,898	154	5.3	3,969
24,173	17,895	Total revenue earned through the Crown's operations		19,438	19,049	389	2.0	25,565
104,227	75,058	Total revenue (excluding gains)		80,212	78,678	1,534	1.9	108,184
		Expenses						
25,264	18,711	Transfer payments and subsidies	4	19,275	19,436	161	0.8	26,396
22,599	16,520	Personnel expenses		17,615	17,567	(48)	(0.3)	23,604
5,175	3,572	Depreciation and amortisation		3,955	3,768	(187)	(5.0)	5,285
37,194	27,510	Other operating expenses		29,574	30,303	729	2.4	42,392
4,162	3,146	Finance costs	5	3,145	3,081	(64)	(2.1)	4,143
5,418	3,769	Insurance expenses	6	3,006	2,743	(263)	(9.6)	4,591
-	-	Forecast new operating spending	7	-	-	-	-	179
-	-	Top-down expense adjustment	7	-	(942)	(942)	(100.0)	(1,365)
99,812	73,228	Total expenses (excluding losses)		76,570	75,956	(614)	(0.8)	105,225
(346)	(362)	Minority interests share of operating balance before gains/(losses)		(352)	(342)	(10)	(2.9)	(418)
4,069	1,468	Operating balance before gains/(losses) (excluding minority interests)		3,290	2,380	910	38.2	2,541
6,330	5,191	Net gains/(losses) on financial instruments		3,829	3,225	604	18.7	3,938
1,321	4,122	Net gains/(losses) on non-financial instruments	8	(1,765)	(353)	(1,412)	(400.0)	(734)
27	(32)	Minority interests share of total (gains)/losses		(9)	(27)	18	66.7	(43)
7,678	9,281	Total gains/(losses)		2,055	2,845	(790)	(27.8)	3,161
570	184	Net surplus/(deficit) from associates and joint ventures		122	162	(40)	(24.7)	214
12,317	10,933	Operating balance (excluding minority interests)		5,467	5,387	80	1.5	5,916

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the nine months ended 31 March 2018

Year to 30 Jun 2017	9 months to 31 Mar 2017		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses						
30,599	22,173	Social security and welfare		22,595	22,762	167	0.7	31,646
15,645	11,675	Health		12,436	12,452	16	0.1	16,614
14,112	10,481	Education		10,934	10,999	65	0.6	15,206
3,762	2,774	Core government services		2,945	3,221	276	8.6	5,392
4,161	3,076	Law and order		3,184	3,265	81	2.5	4,510
9,360	6,600	Transport and communications		7,271	7,241	(30)	(0.4)	9,715
8,452	6,301	Economic and industrial services		6,527	6,089	(438)	(7.2)	8,405
2,145	1,544	Defence		1,612	1,670	58	3.5	2,309
2,433	1,835	Heritage, culture and recreation		1,882	1,791	(91)	(5.1)	2,387
1,886	1,348	Primary services		1,482	1,481	(1)	(0.1)	2,086
1,820	1,356	Housing and community development		1,379	1,567	188	12.0	2,133
863	610	Environmental protection		739	837	98	11.7	1,290
231	132	GSF pension expenses		151	141	(10)	(7.1)	163
181	177	Other		288	301	13	4.3	412
4,162	3,146	Finance costs		3,145	3,081	(64)	(2.1)	4,143
-	-	Forecast new operating spending	7	-	-	-	-	179
-	-	Top-down expense adjustment	7	-	(942)	(942)	(100.0)	(1,365)
99,812	73,228	Total Crown expenses excluding losses		76,570	75,956	(614)	(0.8)	105,225

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 Jun 2017	9 months to 31 Mar 2017		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses						
25,294	18,851	Social security and welfare		19,264	19,365	101	0.5	26,191
16,223	12,106	Health		12,846	12,965	119	0.9	17,184
13,281	9,848	Education		10,222	10,273	51	0.5	14,397
3,957	2,963	Core government services		2,987	3,208	221	6.9	5,477
3,882	2,879	Law and order		3,004	3,017	13	0.4	4,146
2,176	1,521	Transport and communications		1,654	1,876	222	11.8	2,486
2,544	1,849	Economic and industrial services		2,080	2,084	4	0.2	2,941
2,146	1,545	Defence		1,620	1,677	57	3.4	2,318
850	630	Heritage, culture and recreation		637	660	23	3.5	879
644	460	Primary services		513	564	51	9.0	792
539	417	Housing and community development		412	469	57	12.2	662
871	616	Environmental protection		741	837	96	11.5	1,291
217	120	GSF pension expenses		141	130	(11)	(8.5)	150
181	177	Other		288	301	13	4.3	412
3,534	2,649	Finance costs		2,649	2,646	(3)	(0.1)	3,513
-	-	Forecast new operating spending	7	-	-	-	-	179
-	-	Top-down expense adjustment	7	-	(942)	(942)	(100.0)	(1,365)
76,339	56,631	Core Crown expenses excluding losses		59,058	59,130	72	0.1	81,653

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the nine months ended 31 March 2018

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast %	Annual Forecast \$m
12,636	11,327	Operating Balance (including minority interest)	5,819	5,756	63	1.1	6,377
		Other comprehensive revenue and expense					
8,923	(39)	Revaluation of physical assets	(3)	(66)	63	95.5	31
288	202	Transfers to/(from) reserves (Gains)/losses transferred to the	(22)	50	(72)	(144.0)	(2)
62	(45)	statement of financial performance	26	(4)	30	-	(4)
(202)	20	Other movements	38	58	(20)	(34.5)	78
9,071	138	Total other comprehensive revenue and expense	39	38	1	2.6	103
21,707	11,465	Total comprehensive revenue and expense	5,858	5,794	64	1.1	6,480
		Attributable to:					
541	437	- minority interest	367	337	30	8.9	516
21,166	11,028	- the Crown	5,491	5,457	34	0.6	5,964
21,707	11,465	Total comprehensive revenue and expense	5,858	5,794	64	1.1	6,480

STATEMENT OF CHANGES IN NET WORTH

For the nine months ended 31 March 2018

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast %	Annual Forecast \$m
95,521	95,521	Opening net worth	116,472	116,472	-	-	116,472
12,636	11,327	Operating balance (including minority interest)	5,819	5,756	63	1.1	6,377
8,923	(39)	Net revaluations	(3)	(66)	63	95.5	31
288	202	Transfers to/(from) reserves (Gains)/losses transferred to the	(22)	50	(72)	(144.0)	(2)
62	(45)	Statement of Financial Performance	26	(4)	30	-	(4)
(202)	20	Other movements	38	58	(20)	(34.5)	78
21,707	11,465	Total comprehensive revenue and expense	5,858	5,794	64	1.1	6,480
(756)	(590)	Transactions with minority interests	(359)	(289)	(70)	(24.2)	(504)
116,472	106,396	Closing net worth	121,971	121,977	(6)	-	122,448

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

STATEMENT OF CASH FLOWS

For the nine months ended 31 March 2018

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash Flows from Operations						
		Cash was provided from						
73,099	52,845	Taxation receipts		56,239	54,533	1,706	3.1	75,956
4,515	3,538	Other sovereign receipts		3,531	3,495	36	1.0	4,503
16,948	12,348	Sales of goods and services		13,926	13,517	409	3.0	18,011
3,304	2,365	Interest and dividends receipts		2,449	2,532	(83)	(3.3)	3,345
4,009	3,148	Other operating receipts		3,067	2,886	181	6.3	4,023
101,875	74,244	Total cash provided from operations		79,212	76,963	2,249	2.9	105,838
		Cash was disbursed to						
25,293	18,610	Transfer payments and subsidies		19,668	19,712	44	0.2	26,294
62,836	47,464	Personnel and operating payments		51,480	51,781	301	0.6	69,206
4,179	3,013	Interest payments		2,867	2,738	(129)	(4.7)	4,176
-	-	Forecast new operating spending	7	-	-	-	-	179
-	-	Top-down expense adjustment	7	-	(942)	(942)	(100.0)	(1,365)
92,308	69,087	Total cash disbursed to operations		74,015	73,289	(726)	(1.0)	98,490
9,567	5,157	Net cash flows from operations		5,197	3,674	1,523	41.5	7,348
		Cash Flows from Investing Activities						
		Cash was provided from/(disbursed to)						
(6,209)	(4,722)	Net (purchase)/sale of physical assets		(5,653)	(5,805)	152	2.6	(8,664)
889	1,271	Net (purchase)/sale of shares and other securities		(1,224)	331	(1,555)	(469.8)	(906)
(748)	(411)	Net (purchase)/sale of intangible assets		(518)	(633)	115	18.2	(977)
(989)	(490)	Net (issue)/repayment of advances		(491)	(659)	168	25.5	(867)
(148)	(103)	Net acquisition of investments in associates		(214)	(267)	53	19.9	(291)
-	-	Forecast new capital spending	7	-	-	-	-	(304)
-	-	Top-down capital adjustment	7	-	660	(660)	(100.0)	1,100
(7,205)	(4,455)	Net cash flows from investing activities		(8,100)	(6,373)	(1,727)	(27.1)	(10,909)
2,362	702	Net cash flows from operating and investing activities		(2,903)	(2,699)	(204)	(7.6)	(3,561)
		Cash Flows from Financing Activities						
		Cash was provided from/(disbursed to)						
265	265	Issues of circulating currency		600	105	495	471.4	105
1,328	2,269	Net issue/(repayment) of Government bonds		(324)	(1,904)	1,580	83.0	(2,174)
2,048	245	Net issue/(repayment) of foreign currency borrowing		(1,631)	(5,489)	3,858	70.3	(5,486)
(1,810)	(63)	Net issue/(repayment) of other New Zealand dollar borrowing		4,133	6,787	(2,654)	(39.1)	8,017
(656)	(490)	Dividends paid to minority interests		(397)	(334)	(63)	(18.9)	(531)
1,175	2,226	Net cash flows from financing activities		2,381	(835)	3,216	385.1	(69)
3,537	2,928	Net movement in cash		(522)	(3,534)	3,012	85.2	(3,630)
15,617	15,617	Opening cash balance		18,732	18,732	-	-	18,732
(422)	(47)	Foreign-exchange gains/(losses) on opening cash		922	419	503	120.0	410
18,732	18,498	Closing cash balance		19,132	15,617	3,515	22.5	15,512

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the nine months ended 31 March 2018

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast					
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m	
		Reconciliation Between the Net Cash Flows from Operations and the Operating Balance						
9,567	5,157	Net Cash Flows from Operations	5,197	3,674	1,523	41.5	7,348	
		<i>Items included in the operating balance but not in net cash flows from operations</i>						
		Gains/(losses)						
6,330	5,191	Net gains/(losses) on financial instruments	3,829	3,225	604	18.7	3,938	
1,321	4,122	Net gains/(losses) on non-financial instruments	(1,765)	(353)	(1,412)	(400.0)	(734)	
(27)	32	Less minority interests share of net gains/(losses)	9	27	(18)	(66.7)	43	
7,678	9,281	Total gains/(losses)	2,055	2,845	(790)	(27.8)	3,161	
		Other Non-cash Items in Operating Balance						
(5,175)	(3,572)	Depreciation and amortisation	(3,955)	(3,768)	(187)	(5.0)	(5,285)	
(753)	(608)	Cost of concessionary lending	(536)	(634)	98	15.5	(1,141)	
50	(2)	Impairment of financial assets (excluding receivables)	(5)	(11)	6	54.5	(114)	
472	383	Decrease/(increase) in defined benefit retirement plan liabilities	411	434	(23)	(5.3)	589	
(1,047)	1,147	Decrease/(increase) in insurance liabilities	2,088	2,434	(346)	(14.2)	(124)	
258	(178)	Other	131	(180)	311	172.8	(203)	
(6,195)	(2,830)	Total other non-cash items	(1,866)	(1,725)	(141)	(8.2)	(6,278)	
		Movements in Working Capital						
1,170	(2,270)	Increase/(decrease) in receivables	(1,684)	(1,106)	(578)	(52.3)	1,511	
312	141	Increase/(decrease) in accrued interest	(18)	(47)	29	61.7	459	
57	(41)	Increase/(decrease) in inventories	(56)	(70)	14	20.0	(109)	
151	311	Increase/(decrease) in prepayments	295	248	47	19.0	(60)	
(46)	4	Decrease/(increase) in deferred revenue	(86)	(6)	(80)	-	106	
(377)	1,180	Decrease/(increase) in payables/provisions	1,630	1,574	56	3.6	(222)	
1,267	(675)	Total movements in working capital	81	593	(512)	(86.3)	1,685	
12,317	10,933	Operating balance (excluding minority interests)	5,467	5,387	80	1.5	5,916	

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

As at 30 Jun 2017 Actual \$m	As at 31 Mar 2017 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Assets						
18,732	18,498	Cash and cash equivalents	9	19,132	15,617	3,515	22.5	15,512
18,529	14,451	Receivables	9	17,474	16,855	619	3.7	18,900
		Marketable securities, deposits and derivatives in gain	9	48,903	46,816	2,087	4.5	47,214
50,506	48,700	Share investments	9	34,305	33,843	462	1.4	34,512
30,700	29,655	Advances	9	29,089	29,621	(532)	(1.8)	29,411
28,583	28,291	Inventory		1,110	1,066	44	4.1	1,057
1,167	1,068	Other assets		3,009	3,216	(207)	(6.4)	2,619
3,079	2,918	Property, plant and equipment	10	147,704	147,669	35	-	149,323
144,550	136,660	Equity accounted investments ¹		14,623	14,688	(65)	(0.4)	14,678
14,210	12,855	Intangible assets and goodwill		3,677	3,785	(108)	(2.9)	3,887
3,553	3,265	Forecast for new capital spending	7	-	-	-	-	304
-	-	Top-down capital adjustment	7	-	(660)	660	100.0	(1,100)
-	-							
313,609	296,361	Total assets		319,026	312,516	6,510	2.1	316,317
		Liabilities						
5,980	5,980	Issued currency		6,580	6,085	(495)	(8.1)	6,085
14,794	12,077	Payables	12	12,947	11,806	(1,141)	(9.7)	12,306
2,224	2,174	Deferred revenue		2,310	2,231	(79)	(3.5)	2,118
111,806	112,723	Borrowings		114,203	111,099	(3,104)	(2.8)	110,904
42,786	38,376	Insurance liabilities	13	41,826	40,490	(1,336)	(3.3)	43,364
11,006	10,573	Retirement plan liabilities		10,718	10,543	(175)	(1.7)	10,388
8,541	8,062	Provisions	14	8,471	8,285	(186)	(2.2)	8,704
197,137	189,965	Total liabilities		197,055	190,539	(6,516)	(3.4)	193,869
116,472	106,396	Total assets less total liabilities		121,971	121,977	(6)	-	122,448
		Net Worth						
26,456	24,938	Taxpayers' funds	15	31,955	32,049	(94)	(0.3)	32,784
		Property, plant and equipment revaluation reserve	15	84,119	83,983	136	0.2	83,864
84,164	75,521	Other reserves	15	(51)	(43)	(8)	(18.6)	(80)
(88)	(65)							
110,532	100,394	Total net worth attributable to the Crown		116,023	115,989	34	-	116,568
		Net worth attributable to minority interest	15	5,948	5,988	(40)	(0.7)	5,880
5,940	6,002							
116,472	106,396	Total net worth		121,971	121,977	(6)	-	122,448

1. Equity accounted investments include tertiary education institutions and City Rail Link.

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

STATEMENT OF SEGMENTS

For the nine months ended 31 March 2018

	Current Year Actual vs Forecast									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
Revenue										
Taxation revenue	57,469	56,371	-	-	-	-	(598)	(578)	56,871	55,793
Other sovereign revenue	1,198	1,160	3,730	3,737	-	-	(1,025)	(1,061)	3,903	3,836
Revenue from core Crown funding	-	-	21,682	21,635	81	85	(21,763)	(21,720)	-	-
Sales of goods and services	1,181	1,175	1,701	1,593	11,204	10,965	(408)	(410)	13,678	13,323
Interest and dividend revenue	1,881	1,908	1,017	1,076	717	706	(907)	(862)	2,708	2,828
Other revenue	471	430	1,689	1,711	816	687	76	70	3,052	2,898
Total Revenue (excluding gains)	62,200	61,044	29,819	29,752	12,818	12,443	(24,625)	(24,561)	80,212	78,678
Expenses										
Transfer payments and subsidies	19,275	19,436	-	-	-	-	-	-	19,275	19,436
Personnel expenses	5,347	5,332	10,113	10,095	2,184	2,164	(29)	(24)	17,615	17,567
Other operating expenses	31,787	32,658	19,420	19,283	9,032	8,542	(23,704)	(23,669)	36,535	36,814
Interest expenses	2,649	2,646	71	48	795	791	(370)	(404)	3,145	3,081
Forecast new operating spending and top down adjustment	-	(942)	-	-	-	-	-	-	-	(942)
Total Expenses (excluding losses)	59,058	59,130	29,604	29,426	12,011	11,497	(24,103)	(24,097)	76,570	75,956
Minority interest share of operating balance before gains/(losses)	-	-	-	-	-	-	-	-	-	-
Operating Balance before gains and losses (excluding minority interests)	3,142	1,914	214	325	437	586	(503)	(445)	3,290	2,380
Gains/(losses) and other items	2,459	2,696	178	297	27	72	(487)	(58)	2,177	3,007
Operating Balance (excluding minority interests)	5,601	4,610	392	622	464	658	(990)	(503)	5,467	5,387
Assets										
Financial assets	97,929	92,387	48,652	46,627	24,541	25,331	(22,219)	(21,593)	148,903	142,752
Property, plant and equipment	39,876	40,238	74,799	74,339	33,030	33,092	(1)	-	147,704	147,669
Investments in associates, CEs and SOEs	44,988	44,734	12,244	12,241	235	282	(42,844)	(42,569)	14,623	14,688
Other assets	3,784	3,650	1,581	1,820	2,527	2,654	(96)	(57)	7,796	8,067
Forecast adjustments	-	(660)	-	-	-	-	-	-	-	(660)
Total Assets	186,577	180,349	137,276	135,027	60,333	61,359	(65,160)	(64,219)	319,026	312,516
Liabilities										
Borrowings	97,102	93,255	4,703	4,586	29,926	30,730	(17,528)	(17,472)	114,203	111,099
Other liabilities	32,090	30,763	50,868	48,688	8,143	8,122	(8,249)	(8,133)	82,852	79,440
Total Liabilities	129,192	124,018	55,571	53,274	38,069	38,852	(25,777)	(25,605)	197,055	190,539
Net Worth	57,385	56,331	81,705	81,753	22,264	22,507	(39,383)	(38,614)	121,971	121,977
Cost of Acquisition of Physical Assets (Cash)	1,456	1,876	2,843	2,840	1,611	1,386	(1)	-	5,909	6,102

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

STATEMENT OF BORROWINGS

As at 31 March 2018

As at 30 Jun 2017 Actual \$m	As at 31 Mar 2017 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
64,349	65,231	Government bonds	63,599	61,801	(1,798)	(2.9)	61,054
6,471	6,966	Settlement deposits with Reserve Bank	8,482	7,517	(965)	(12.8)	7,517
3,113	3,687	Derivatives in loss	3,388	3,205	(183)	(5.7)	3,080
4,071	3,723	Treasury bills	3,918	4,114	196	4.8	4,094
1,412	1,447	Finance lease liabilities	2,390	2,336	(54)	(2.3)	2,425
190	195	Government retail stock	183	185	2	1.1	185
32,200	31,474	Other borrowings	32,243	31,941	(302)	(0.9)	32,549
111,806	112,723	Total borrowings	114,203	111,099	(3,104)	(2.8)	110,904
81,395	82,550	Sovereign-guaranteed debt	83,411	79,565	(3,846)	(4.8)	78,622
30,411	30,173	Non sovereign-guaranteed debt	30,792	31,534	742	2.4	32,282
111,806	112,723	Total borrowings	114,203	111,099	(3,104)	(2.8)	110,904
		Net Debt:					
94,107	95,166	Core Crown borrowings ¹	97,593	93,254	(4,339)	(4.7)	92,455
(1,487)	(1,356)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,981)	(1,172)	809	69.0	(1,112)
92,620	93,810	Gross sovereign-issued debt²	95,612	92,082	(3,530)	(3.8)	91,343
81,015	76,993	Less core Crown financial assets ³	83,913	78,264	5,649	7.2	78,808
11,605	16,817	Net core Crown debt	11,699	13,818	2,119	15.3	12,535
12,014	11,928	Add back core Crown advances	12,220	12,244	24	0.2	11,749
23,619	28,745	Net core Crown debt (incl NZS Fund)⁴	23,919	26,062	2,143	8.2	24,284
35,861	33,291	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁵	36,865	36,887	22	0.1	37,830
59,480	62,036	Net core Crown debt (excl NZS Fund and advances)⁶	60,784	62,949	2,165	3.4	62,114
		Gross Debt:					
92,620	93,810	Gross sovereign-issued debt ²	95,612	92,082	(3,530)	(3.8)	91,343
(7,079)	(7,591)	Less Reserve Bank settlement cash and Reserve Bank bills	(9,508)	(8,419)	1,089	12.9	(8,419)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁷	1,600	1,600	-	-	1,600
87,141	87,819	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	87,704	85,263	(2,441)	(2.9)	84,524

Notes on borrowings:

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.

1. Core Crown borrowings includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
2. 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.
3. Core Crown financial assets exclude receivables.
4. 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.
5. 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.
6. Net Core Crown Debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
7. 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 31 March 2018

	As at 31 Mar 2018 \$m	As at 30 Jun 2017 \$m	As at 31 Mar 2017 \$m
Capital Commitments			
State highways	6,963	6,130	5,657
Specialist military equipment	414	366	542
Land and buildings	3,112	2,735	2,315
Other property, plant and equipment	2,102	2,108	2,246
Other capital commitments	218	227	235
Tertiary Education Institutions	673	673	533
Total capital commitments	13,482	12,239	11,528
Operating Commitments			
Non-cancellable accommodation leases	3,230	3,398	3,293
Other non-cancellable leases	2,500	2,468	2,450
Tertiary Education Institutions	499	499	730
Total operating commitments	6,229	6,365	6,473
Total commitments	19,711	18,604	18,001
Total Commitments by Segment			
Core Crown	6,089	5,945	5,848
Crown entities	10,046	9,032	8,631
State-owned Enterprises	4,504	4,492	4,648
Inter-segment eliminations	(928)	(865)	(1,126)
Total commitments	19,711	18,604	18,001

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 March 2018

	As at 31 Mar 2018 \$m	As at 30 Jun 2017 \$m	As at 31 Mar 2017 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	8,057	7,638	7,853
Guarantees and indemnities	209	690	668
Legal proceedings and disputes	285	333	270
Other contingent liabilities	349	327	303
Total quantifiable contingent liabilities	8,900	8,988	9,094
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	9,142	8,769	8,939
Crown entities	22	16	11
State-owned Enterprises	153	203	144
Inter-segment eliminations	(417)	-	-
Total quantifiable contingent liabilities	8,900	8,988	9,094
Quantifiable Contingent Assets			
Core Crown	114	58	51
Crown entities	6	4	1
State owned enterprises	10	40	46
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	130	102	98

A list of unquantifiable contingent liabilities is included on the Treasury's website <https://treasury.govt.nz/publications/year-end/financial-statements-30-june-2017-html>. These can be found in Note 25: Contingent Liabilities and Contingent Assets

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies

Reporting Entity

These financial statements 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
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- the Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding tertiary education institutions)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- 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 99 - 102 of the *2017 Half Year Economic and Fiscal Update (HYEFU 17)* published on 14 December 2017.

The figures presented in these financial statements for 30 June 2017 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, including 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://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/reporting-and-review/accounting-policies>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2018, based on the *2017 Half Year Economic and Fiscal Update (HYEFU 17)* published on 14 December 2017.

The accounting policies underlying the preparation of forecasts are the same as the specific accounting policies set out above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies (continued)

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 43 - 47 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2017* published on 5 October 2017.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation Revenue							
Individuals							
28,641	20,930	Source deductions	22,473	22,375	98	0.4	30,085
6,382	4,548	Other persons	4,825	4,708	117	2.5	6,581
(1,638)	(808)	Refunds	(806)	(813)	7	0.9	(1,744)
525	401	Fringe benefit tax	424	428	(4)	(0.9)	554
33,910	25,071	Total individuals	26,916	26,698	218	0.8	35,476
Corporate Tax							
12,228	6,650	Gross companies tax	7,089	6,852	237	3.5	12,301
(188)	(126)	Refunds	(104)	(125)	21	16.8	(199)
599	434	Non-resident withholding tax	404	396	8	2.0	581
(10)	(10)	Foreign-source dividend w/holding payments	3	-	3	-	-
12,629	6,948	Total corporate tax	7,392	7,123	269	3.8	12,683
Other Direct Income Tax							
1,472	1,114	Resident w/holding tax on interest income	1,209	1,117	92	8.2	1,512
743	461	Resident w/holding tax on dividend income	464	475	(11)	(2.3)	740
2,215	1,575	Total other direct income tax	1,673	1,592	81	5.1	2,252
48,754	33,594	Total income tax	35,981	35,413	568	1.6	50,411
Goods and Services Tax							
31,259	23,045	Gross goods and services tax	24,949	24,514	435	1.8	32,879
(11,751)	(8,482)	Refunds	(9,541)	(9,340)	(201)	(2.2)	(12,586)
19,508	14,563	Total goods and services tax	15,408	15,174	234	1.5	20,293
Other Indirect Taxation							
1,469	1,099	Road user charges	1,164	1,131	33	2.9	1,497
1,908	1,402	Petroleum fuels excise ¹	1,423	1,437	(14)	(1.0)	1,950
985	750	Alcohol excise ¹	785	775	10	1.3	1,019
1,677	1,406	Tobacco excise ¹	1,567	1,355	212	15.6	1,635
152	137	Other customs duty	132	118	14	11.9	152
229	172	Gaming duties	176	168	8	4.8	225
223	175	Motor vehicle fees	177	173	4	2.3	221
44	31	Approved issuer levy and cheque duty	39	28	11	39.3	35
24	19	Energy resources levies	19	21	(2)	(9.5)	30
6,711	5,191	Total other indirect taxation	5,482	5,206	276	5.3	6,764
26,219	19,754	Total indirect taxation	20,890	20,380	510	2.5	27,057
74,973	53,348	Total taxation revenue	56,871	55,793	1,078	1.9	77,468
Other Sovereign Revenue							
2,882	2,156	ACC levies	2,038	2,015	23	1.1	2,718
392	277	Fire Service levies	391	386	5	1.3	547
283	212	EQC levies	224	228	(4)	(1.8)	315
262	194	Child support and working for families penalties	172	180	(8)	(4.4)	246
105	79	Court fines	73	76	(3)	(3.9)	96
1,157	897	Other miscellaneous items	1,005	951	54	5.7	1,229
5,081	3,815	Total other sovereign revenue	3,903	3,836	67	1.7	5,151
80,054	57,163	Total sovereign revenue	60,774	59,629	1,145	1.9	82,619

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2017	9 months to 31 Mar 2017		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 3: Interest Revenue and Dividends							
2,727	2,045	Interest revenue	2,076	2,084	(8)	(0.4)	2,767
871	593	Dividends	632	744	(112)	(15.1)	1,004
3,598	2,638	Total interest revenue and dividends	2,708	2,828	(120)	(4.2)	3,771
NOTE 4: Transfer Payments and Subsidies							
13,043	9,713	New Zealand superannuation	10,169	10,164	(5)	-	13,670
1,723	1,240	Family tax credit	1,205	1,235	30	2.4	1,716
1,697	1,289	Jobseeker support and emergency benefit	1,279	1,275	(4)	(0.3)	1,680
1,533	1,147	Supported living payment	1,153	1,153	-	-	1,542
1,127	850	Accommodation assistance	840	840	-	-	1,208
1,159	877	Sole parent support	837	824	(13)	(1.6)	1,095
815	604	Income related rent subsidy	661	676	15	2.2	903
743	585	KiwiSaver subsidies	660	675	15	2.2	814
596	409	Other working for families tax credits	386	396	10	2.5	585
520	319	Official development assistance	361	420	59	14.0	647
465	319	Student allowances	321	342	21	6.1	513
377	283	Disability allowances	284	284	-	-	378
1,466	1,076	Other social assistance benefits	1,119	1,152	33	2.9	1,645
25,264	18,711	Total transfer payments and subsidies	19,275	19,436	161	0.8	26,396
NOTE 5: Finance Costs							
4,130	3,123	Interest on financial liabilities	3,129	3,085	(44)	(1.4)	4,129
32	23	Interest unwind on provisions	16	(4)	(20)	-	14
4,162	3,146	Total finance costs	3,145	3,081	(64)	(2.1)	4,143
NOTE 6: Insurance Expenses							
4,587	2,814	ACC	2,843	2,840	(3)	(0.1)	4,727
332	600	EQC	125	(85)	(210)	(247.1)	(115)
325	345	Southern Response	(18)	(53)	(35)	(66.0)	(63)
174	10	Other insurance expenses	56	41	(15)	(36.6)	42
5,418	3,769	Total insurance expenses	3,006	2,743	(263)	(9.6)	4,591

NOTE 7: Forecast Adjustments

Top Down Adjustment

An adjustment to capital and/or 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/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 2017 and previous Budgets that has yet to be allocated to appropriations for departments.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 31 Mar 2017 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		NOTE 8: Net Gains and Losses on Non-Financial Instruments					
		<i>By type</i>					
964	1,486	Actuarial gains/(losses) on GSF liability	(123)	29	(152)	-	29
387	2,603	Actuarial gains/(losses) on ACC liability	(1,128)	(138)	(990)	-	(454)
73	65	Gains/(losses) on the Emissions Trading Scheme	(461)	(208)	(253)	(121.6)	(209)
(103)	(32)	Other	(53)	(36)	(17)	(47.2)	(100)
1,321	4,122	Net gains/(losses) on non-financial instruments	(1,765)	(353)	(1,412)	(400.0)	(734)
		NOTE 9: Financial Assets and Sovereign Receivables					
18,732	18,498	Cash and cash equivalents	19,132	15,617	3,515	22.5	15,512
10,313	8,969	Tax receivables	10,666	11,324	(658)	(5.8)	11,045
8,216	5,482	Other receivables	6,808	5,531	1,277	23.1	7,855
9,197	9,208	Student loans	9,282	9,243	39	0.4	9,030
17,795	17,725	Kiwibank mortgages	18,112	18,625	(513)	(2.8)	18,902
4,730	4,062	Long-term deposits	4,081	3,950	131	3.3	4,241
1,837	1,836	IMF financial assets	1,919	1,880	39	2.1	1,880
1,591	1,358	Other advances	1,695	1,753	(58)	(3.3)	1,479
30,700	29,655	Share investments	34,305	33,843	462	1.4	34,512
4,381	3,016	Derivatives in gain	3,118	3,310	(192)	(5.8)	3,294
39,558	39,786	Other marketable securities	39,785	37,676	2,109	5.6	37,799
147,050	139,595	Total financial assets and sovereign receivables	148,903	142,752	6,151	4.3	145,549
		Financial Assets by Entity					
22,554	20,286	The Treasury (Debt Management Office)	19,669	17,300	2,369	13.7	15,813
18,985	19,568	Reserve Bank of New Zealand	22,097	19,402	2,695	13.9	19,525
37,345	33,929	NZ Superannuation Fund	38,348	37,454	894	2.4	38,847
25,600	24,084	Other core Crown	27,267	26,595	672	2.5	26,927
(9,643)	(8,953)	Intra-segment eliminations	(9,452)	(8,364)	(1,088)	(13.0)	(8,339)
94,841	88,914	Total core Crown segment	97,929	92,387	5,542	6.0	92,773
39,514	37,512	ACC portfolio	40,579	39,089	1,490	3.8	41,116
1,089	1,497	EQC portfolio	578	472	106	22.5	257
10,597	10,172	Other Crown entities	10,081	9,682	399	4.1	9,996
(3,025)	(2,835)	Intra-segment eliminations	(2,586)	(2,616)	30	1.1	(2,522)
48,175	46,346	Total Crown entities segment	48,652	46,627	2,025	4.3	48,847
24,876	24,452	Total State-owned Enterprises segment	24,541	25,331	(790)	(3.1)	25,644
(20,842)	(20,117)	Inter-segment eliminations	(22,219)	(21,593)	(626)	(2.9)	(21,715)
147,050	139,595	Total financial assets and sovereign receivables	148,903	142,752	6,151	4.3	145,549

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 31 Mar 2017 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
49,640	44,908	Land	49,895	49,815	80	0.2	49,974
34,655	31,983	Buildings	35,349	35,383	(34)	(0.1)	36,184
23,829	23,481	State highways	25,355	25,148	207	0.8	25,912
15,866	15,541	Electricity generation assets	15,772	15,691	81	0.5	15,625
4,080	4,050	Electricity distribution network (cost)	4,060	3,991	69	1.7	3,986
3,119	3,040	Specialist military equipment	3,141	3,230	(89)	(2.8)	3,296
3,097	3,026	Specified cultural and heritage assets	3,121	3,131	(10)	(0.3)	3,109
4,112	4,326	Aircraft (excl military)	4,580	4,545	35	0.8	4,539
939	1,131	Rail network	1,020	1,116	(96)	(8.6)	1,128
5,213	5,174	Other plant and equipment (cost)	5,411	5,619	(208)	(3.7)	5,570
144,550	136,660	Total net carrying value	147,704	147,669	35	-	149,323
Land breakdown by usage							
17,845	15,647	Housing stock	18,066	17,926	140	0.8	17,960
10,892	9,723	State highway corridor land	10,878	10,889	(11)	(0.1)	10,868
5,718	5,673	Conservation estate	5,700	5,722	(22)	(0.4)	5,724
3,520	3,357	Rail network corridor land	3,523	3,522	1	-	3,487
5,683	4,763	Schools	5,677	5,706	(29)	(0.5)	5,713
1,237	1,190	Commercial (SOE) excluding rail	1,217	1,218	(1)	(0.1)	1,208
4,745	4,555	Other	4,834	4,832	2	-	5,014
49,640	44,908	Total land	49,895	49,815	80	0.2	49,974
Schedule of Movements							
Cost or Valuation							
149,806	149,806	Opening balance	160,631	160,631	-	-	160,631
7,781	6,356	Additions	5,748	6,719	(971)	(14.5)	10,105
(2,209)	(1,181)	Disposals	(1,348)	(362)	(986)	(272.4)	(1,628)
5,260	(29)	Net revaluations	10	8	2	25.0	14
(7)	(45)	Other	355	77	278	361.0	(124)
160,631	154,907	Total cost or valuation	165,396	167,073	(1,677)	(1.0)	168,998
Accumulated Depreciation & Impairment							
15,307	15,307	Opening balance	16,081	16,081	-	-	16,081
(949)	(235)	Eliminated on disposal	(1,826)	55	(1,881)	-	(939)
(2,504)	(14)	Eliminated on revaluation	(1)	-	(1)	-	(4)
4,398	3,059	Depreciation expense and impairment losses	3,386	3,257	129	4.0	4,568
(171)	130	Other	52	11	41	372.7	(31)
16,081	18,247	Total accumulated depreciation & impairment	17,692	19,404	(1,712)	(8.8)	19,675
144,550	136,660	Total property, plant and equipment	147,704	147,669	35	-	149,323

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 31 Mar 2017 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 11: NZ Superannuation Fund							
833	568	Revenue	657	685	(28)	(4.1)	929
(1,139)	(813)	Less current tax expense	(370)	(517)	(147)	(28.4)	(707)
(227)	(138)	Less other expenses ¹	(188)	(178)	10	5.6	(225)
5,512	4,333	Add gains/(losses)	2,497	2,481	16	0.6	3,088
4,979	3,950	Operating balance	2,596	2,471	125	5.1	3,085
29,527	29,527	Opening net worth	34,506	34,506	-	-	34,506
-	-	Gross contribution from the Crown	286	71	-	-	500
4,979	3,950	Operating balance	2,596	2,471	125	5.1	3,085
-	25	Other movements in reserves	48	(25)	73	293.1	50
34,506	33,502	Closing net worth	37,436	37,023	198	0.5	38,141
Comprising:							
37,345	33,929	Financial assets	38,348	37,454	894	2.4	38,847
(4,656)	(2,068)	Financial liabilities	(2,722)	(2,243)	(479)	(21.4)	(2,525)
1,817	1,641	Net other assets	1,810	1,812	(2)	(0.1)	1,819
34,506	33,502	Closing net worth	37,436	37,023	413	1.1	38,141
1. NZS Fund other expenses include deferred tax expense/(credits).							
NOTE 12: Payables							
10,517	7,984	Accounts payable	8,871	7,678	(1,193)	(15.5)	7,996
4,277	4,093	Taxes repayable	4,076	4,128	52	1.3	4,310
14,794	12,077	Total payables	12,947	11,806	(1,141)	(9.7)	12,306
NOTE 13: Insurance Liabilities							
40,288	35,385	ACC liability ²	40,096	39,118	(978)	(2.5)	42,281
1,853	2,470	EQC property damage liability	1,227	1,000	(227)	(22.7)	708
668	801	Southern Response	460	368	(92)	(25.0)	290
57	49	Other insurance liabilities	105	85	(20)	(23.5)	85
(80)	(329)	Inter-segment eliminations	(62)	(81)	(19)	(23.5)	-
42,786	38,376	Total insurance liabilities	41,826	40,490	(1,336)	(3.3)	43,364
2. The most recent ACC valuation was as at 31 December 2017, updated monthly for changes to discount rates.							

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 31 Mar 2017 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 14: Provisions							
3,582	3,497	Provision for employee entitlements	3,494	3,518	24	0.7	3,527
2,028	2,033	Provision for ETS Credits ¹	2,383	2,227	(156)	(7.0)	2,366
856	889	Provision for National Provident Fund guarantee	817	820	3	0.4	806
2,075	1,643	Other provisions	1,777	1,720	(57)	(3.3)	2,005
8,541	8,062	Total provisions	8,471	8,285	(186)	(2.2)	8,704
1. Further information on the ETS, can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 15: Changes in Net Worth							
26,456	24,938	Taxpayers' funds	31,955	32,049	(94)	(0.3)	32,784
84,164	75,521	Property, plant and equipment revaluation reserve	84,119	83,983	136	0.2	83,864
5,940	6,002	Net worth attributable to minority interests	5,948	5,988	(40)	(0.7)	5,880
(88)	(65)	Other reserves	(51)	(43)	(8)	(18.6)	(80)
116,472	106,396	Total net worth	121,971	121,977	(6)	-	122,448
13,932	13,932	Opening taxpayers funds	26,456	26,456	-	-	26,456
12,317	10,933	Operating balance excluding minority interests	5,467	5,387	80	1.5	5,916
207	73	Transfers from/(to) other reserves	32	206	(174)	(84.5)	412
26,456	24,938	Closing taxpayers funds	31,955	32,049	(94)	(0.3)	32,784
75,626	75,626	Opening property, plant and equipment revaluation reserve	84,164	84,164	-	-	84,164
8,745	(40)	Net revaluations	(3)	(66)	63	95.5	31
(207)	(65)	Transfers from/(to) other reserves	(42)	(115)	73	63.5	(331)
84,164	75,521	Closing property, plant and equipment revaluation reserve	84,119	83,983	136	0.2	83,864
6,155	6,155	Opening net worth attributable to minority interests	5,940	5,940	-	-	5,940
(215)	(153)	Net movements	8	48	(40)	(83.3)	(60)
5,940	6,002	Closing net worth attributable to minority interests	5,948	5,988	(40)	(0.7)	5,880
(192)	(192)	Opening other reserves	(88)	(88)	-	-	(88)
104	127	Net movements	37	45	(8)	(17.8)	8
(88)	(65)	Closing other reserves	(51)	(43)	(8)	(18.6)	(80)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2017 \$m	9 months to 31 Mar 2017 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 16: Core Crown Residual Cash							
Core Crown Cash Flows from Operations							
74,729	54,377	Tax receipts	57,646	55,970	1,676	3.0	77,419
955	763	Other sovereign receipts	684	673	11	1.6	892
1,770	1,396	Interest, profits and dividends	1,126	1,062	64	6.0	1,447
2,258	1,473	Sale of goods & services and other receipts	1,641	1,485	156	10.5	2,411
(25,293)	(18,610)	Transfer payments and subsidies	(19,668)	(19,712)	44	0.2	(26,294)
(44,581)	(33,981)	Personnel and operating costs	(36,358)	(37,252)	894	2.4	(49,563)
(3,530)	(2,493)	Interest payments	(2,206)	(2,222)	16	0.7	(3,498)
-	-	Forecast for future new operating spending	-	-	-	-	(179)
-	-	Top-down expense adjustment	-	942	(942)	(100.0)	1,365
6,308	2,925	Net core Crown operating cash flows	2,865	946	1,919	202.9	4,000
(2,153)	(1,518)	Net purchase of physical assets	(1,648)	(2,136)	488	22.8	(3,748)
111	113	Net increase in advances	(224)	(247)	23	9.3	(205)
(1,692)	(1,243)	Net purchase of investments	(2,258)	(1,925)	(333)	(17.3)	(2,990)
-	-	Contributions to NZS Fund	(286)	(286)	-	-	(500)
-	-	Forecast for future new capital spending	-	-	-	-	(304)
-	-	Top-down capital adjustment	-	660	(660)	(100.0)	1,100
(3,734)	(2,648)	Net Core Crown capital cash flows	(4,416)	(3,934)	(482)	(12.3)	(6,647)
2,574	277	Residual cash surplus / (deficit)	(1,551)	(2,988)	1,437	48.1	(2,647)
<i>The residual cash surplus / (deficit) is funded as follows:</i>							
Debt Programme Cash Flows							
Market:							
7,847	6,897	Issue of government bonds	5,399	5,110	289	5.7	6,992
(6,080)	(4,628)	Repayment of government bonds	(5,723)	(7,014)	1,291	18.4	(9,166)
160	(190)	Net issue/(repayment) of short-term borrowing ¹	(100)	100	(200)	(200.0)	(100)
1,927	2,079	Total market debt cash flows	(424)	(1,804)	1,380	76.5	(2,274)
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
(830)	(595)	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
(830)	(595)	Total non-market debt cash flows	-	-	-	-	-
1,097	1,484	Total debt programme cash flows	(424)	(1,804)	1,380	76.5	(2,274)
Other Borrowing Cash Flows							
(2,352)	(903)	Net (repayment)/issue of other New Zealand dollar borrowing	3,806	6,604	(2,798)	(42.4)	6,801
2,425	792	Net (repayment)/issue of foreign currency borrowing	(1,702)	(5,555)	3,853	69.4	(5,568)
73	(111)	Total other borrowing cash flows	2,104	1,049	1,055	27.0	1,233
Investing Cash Flows							
(194)	2,026	Other net sale/(purchase) of marketable securities and deposits	(184)	1,653	(1,837)	(111.1)	1,606
265	265	Issues of circulating currency	600	105	495	471.4	105
(3,815)	(3,941)	Decrease/(increase) in cash	(545)	1,985	(2,530)	(127.5)	1,977
(3,744)	(1,650)	Total investing cash flows	(129)	3,743	(3,872)	(103.4)	3,688
(2,574)	(277)	Residual cash deficit / (surplus) funding	1,551	2,988	(1,437)	(48.1)	2,647

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