

11 March 2015

MEDIA STATEMENT

Embargoed until 10.00am, Wednesday 11 March 2015

Paul Helm, Chief Government Accountant

Financial Statements of the Government of New Zealand for the Seven Months Ended 31 January 2015

The *Financial Statements of the Government of New Zealand* for the seven months ended 31 January 2015 were released by the Treasury today. These statements are compared against forecasts based on the *2014 Half Year Economic and Fiscal Update (HYEFU)* released on 16 December 2014.

The total Crown's **operating balance before gains and losses** (OBEGAL) was a surplus of \$77 million in the seven-month period until January. This was \$712 million above forecast, reflecting higher tax revenue and lower core Crown expenses. OBEGAL fluctuates month to month due to the seasonal nature of tax revenue and some expense trends.

Core Crown tax revenue at \$37.8 billion was 1.2% (\$456 million) above forecast. This variance was mainly due to higher than expected corporate tax (\$158 million), other individuals tax (\$158 million) and source deductions (\$146 million). Partially offsetting these, GST was \$95 million lower than forecast primarily due to higher than forecast refunds to insurers.

Core Crown expenses, at \$41.4 billion, were \$249 million lower than forecast. This variance is spread over a number of departments.

Net gains and losses on non-financial instruments were \$4.6 billion lower than forecast, mainly due to a higher than expected actuarial loss on the ACC liability. This variance reflected weaker interest rates and a weaker inflation outlook. As a result, the **operating balance** was below forecast by \$3.0 billion.

The **core Crown residual cash deficit** (at \$2.4 billion) was \$763 million lower than forecast, mainly due to tax receipts being \$665 million more than forecast.

Net debt at \$61.8 billion, (26.1% of GDP) was \$1.2 billion lower than forecast, largely reflecting the residual cash result and more currency in circulation from the holiday period.

Gross debt at \$87.2 billion (36.8% of GDP) was \$3.6 billion higher than forecast but was matched by an increase in financial assets with no flow on impact to net debt.

At 31 January, total Crown assets were valued at \$263.1 billion and liabilities were \$184.6 billion while the Crown's share of **net worth** stood at \$73.3 billion.

The Treasury's next updated economic and fiscal forecasts will be published on 21 May 2015.

	<i>Year to date</i>				<i>Full Year</i>
	January 2015	January 2015 HYEFU	<i>Variance to HYEFU</i>	<i>Variance to HYEFU</i>	June 2015 HYEFU
\$ million	Actual¹	Forecast¹	\$m	%	Forecast²
Core Crown					
Core Crown tax revenue	37,779	37,323	456	1.2	65,626
Core Crown revenue	40,971	40,494	477	1.2	71,466
Core Crown expenses	41,427	41,676	249	0.6	73,018
Core Crown residual cash	(2,398)	(3,161)	763	24.1	(4,009)
Gross debt ³	87,232	83,644	(3,588)	(4.3)	80,289
<i>as a percentage of GDP</i>	36.8%	35.3%			33.6%
Net debt ⁴	61,784	62,954	1,170	1.9	63,494
<i>as a percentage of GDP</i>	26.1%	26.6%			26.5%
Total Crown					
Operating balance before gains and losses	77	(635)	712	112.1	(572)
Operating balance	(2,279)	724	(3,003)	(414.8)	1,900
Net worth attributable to the Crown	73,275	76,240	(2,965)	(3.9)	77,376

1 Using GDP for the year ended 30 September 2014 of \$236,757 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2015 of \$239,188 million (Source: Treasury).

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

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

ENDS

For enquiries: Kamlesh Patel

Office of the Government Accountant

Telephone: +64 4 917 6094

E-mail: kamlesh.patel@treasury.govt.nz

Financial Statements of the Government of New Zealand

For the Seven Months Ended
31 January 2015



Prepared by the Treasury
11 March 2015

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

New Zealand Government

978-0-478-43629-7 (Print)
978-0-478-43628-0 (Online)

CONTENTS

Commentary

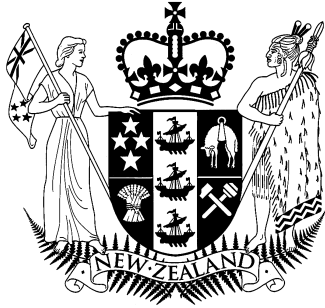
Summary	2
Analysis	4
Year-on-Year Perspective	7

Financial Statements

Statement of Financial Performance	10
<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). Expense by functional class is also shown for total Crown and core Crown.</i>	
Analysis of Expenses by Functional Classification	11
<i>Breakdown of expenses by function for total Crown and core Crown.</i>	
Statement of Comprehensive Income	12
<i>The statement reports changes in net worth due to the operating balance, items of income or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	12
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	13
<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	15
<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 Borrowings	16
<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	17
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	17
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	18
<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

Kamlesh Patel (phone 64-4-917-6094) (E-mail: kamlesh.patel@treasury.govt.nz)
Office of the Government Accountant
The Treasury (1 The Terrace), PO Box 3724, Wellington
NEW ZEALAND
Facsimile: 64-4-473-1151



COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the seven months ended 31 January 2015 and its financial position as at that date.

The January results are reported against forecasts based on the 2014 *Half Year Economic and Fiscal Update (HYEFU)*, published on 16 December 2014.

At a Glance

Table 1 – Key indicators for the seven months ended 31 January 2015 compared to HYEFU

\$ million	Year to date				Full Year
	January 2015	January 2015 HYEFU	Variance to HYEFU	Variance to HYEFU	June 2015 HYEFU
	Actual ¹	Forecast ¹	\$m	%	Forecast ²
Core Crown					
Core Crown tax revenue	37,779	37,323	456	1.2	65,626
Core Crown revenue	40,971	40,494	477	1.2	71,466
Core Crown expenses	41,427	41,676	249	0.6	73,018
Core Crown residual cash	(2,398)	(3,161)	763	24.1	(4,009)
Gross debt ³	87,232	83,644	(3,588)	(4.3)	80,289
<i>as a percentage of GDP</i>	36.8%	35.3%			33.6%
Net debt ⁴	61,784	62,954	1,170	1.9	63,494
<i>as a percentage of GDP</i>	26.1%	26.6%			26.5%
Total Crown					
Operating balance before gains and losses	77	(635)	712	112.1	(572)
Operating balance	(2,279)	724	(3,003)	(414.8)	1,900
Net worth attributable to the Crown	73,275	76,240	(2,965)	(3.9)	77,376

1 Using GDP for the year ended 30 September 2014 of \$236,757 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2015 of \$239,188 million (Source: Treasury).

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

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

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

Results for the seven months ended 31 January 2015

The total Crown's **operating balance before gains and losses (OBEGAL)** was a surplus of \$77 million in the seven-month period until January. This was \$712 million above forecast, reflecting higher tax revenue and lower core Crown expenses. OBEGAL fluctuates month to month due to the seasonal nature of tax revenue and some expense trends.

Core Crown tax revenue was 1.2% (\$456 million) above forecast. This variance was mainly due to higher than expected corporate tax (\$158 million), other individuals tax (\$158 million) and source deductions (\$146 million). Partially offsetting these, GST was \$95 million lower than forecast due to higher than forecast refunds to insurers.

Core Crown expenses were \$249 million lower than forecast at \$41.4 billion. This variance is spread over a number of departments.

Net gains and losses on non-financial instruments were \$4.6 billion lower than forecast, mainly due to a higher than expected actuarial loss on the ACC liability. This variance reflected weaker interest rates and a weaker inflation outlook. As a result, the **operating balance** was below forecast by \$3.0 billion.

The **core Crown residual cash** deficit (at \$2.4 billion) was \$763 million lower than forecast, mainly due to tax receipts being \$665 million more than forecast.

Net debt at \$61.8 billion, (26.1% of GDP) was \$1,170 million lower than forecast, largely reflecting the residual cash result and more currency in circulation from the holiday period.

Gross debt at \$87.2 billion (36.8% of GDP) was \$3.6 billion higher than forecast but was matched by an increase in financial assets with no flow on impact to net debt.

At 31 January, total Crown assets were valued at \$263.1 billion and liabilities were \$184.6 billion while the Crown's share of **net worth** stood at \$73.3 billion.

Further analysis of the January results follows.

ANALYSIS

Table 2 – Key indicator variances for the seven months ended 31 January 2015 compared to HYE_{FU}:

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	\$477 million higher than forecast	<p>Core Crown revenue was higher than forecast mainly due to higher core Crown tax revenue of \$456m across the following tax types:</p> <ul style="list-style-type: none"> • Other individuals tax was \$158m (6.1%) above forecast. January is the second provisional tax payment date for March balance date entities. It is uncertain if this will persist for the remainder of the year. • Corporate tax was \$158m (3.2%) above forecast, mainly driven by provisional tax being above forecast similar to other individuals tax. This strength is mainly expected to remain until June. • Source deductions were \$146m (1.0%) above forecast, which is consistent with the positive labour market outturn for December 2014 quarter. • GST was \$95m (1.0%) below forecast, mainly due to larger refunds to insurers than forecast of approximately \$100m.
Core Crown expenses	\$249 million lower than forecast	<p>Core Crown expenses at \$41.4b were \$249m lower than forecast. Excluding the top-down expense adjustment of \$333m, underlying expenses were \$582m lower than expected, spread across a number of departments. The largest variances related to lower than expected applications for grants and subsidies and delays in finalising treaty settlements.</p>
Core Crown residual cash deficit	\$763 million lower than forecast	<p>The residual cash deficit was \$763m lower than forecast, mainly due to core Crown tax receipts being \$665m more than forecast.</p> <ul style="list-style-type: none"> • Core Crown tax receipts were tracking above forecast across most tax types, consistent with tax revenue. GST however was above forecast on receipts, with the previous months strength continuing. However, this is expected to follow the revenue trend and reverse out. • Capital payments were \$156m below forecast. The New Zealand Defence Force (NZDF) were \$70m below forecast due to timing differences relating to payments for capital expenditure and forecast assumptions regarding the timing of capital expenditure projects.
Gross debt	(\$3,588 million) higher than forecast	<p>Gross debt at \$87.2b (36.8% of GDP) was \$3.6b higher than forecast. This variance is mainly attributable to increased borrowings and short term trading positions. The increased debt is largely held in financial assets so has no flow on impact to net debt.</p>
Net debt	\$1,170 million lower than forecast	<p>Net debt was \$61.8b, or 26.1% of GDP, \$1.2b lower than forecast. This variance was largely due to the lower than expected residual cash deficit explained earlier. Additionally, \$230m is due to more currency in circulation from the holiday period. While this has reduced since the Christmas period, it has not reduced to the level that was forecast.</p>

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

Item/indicator	Variance ¹	Key drivers
Total Crown		
Operating balance before gains and losses surplus	\$712 million higher than forecast	The OBEGAL surplus at \$77m was \$712m higher than forecast. The key drivers of the OBEGAL variance were higher core Crown revenue and lower core Crown expenses as previously discussed.
Operating balance	(\$3,003 million) lower than forecast	The operating balance deficit of \$2.3b was below forecast by \$3.0b. While the OBEGAL result showed a surplus, this was more than offset by net gains and losses (\$4.0b below forecast). Net gains and losses on non-financial instruments were \$4.6 billion lower than forecast, mainly due to a higher than expected actuarial loss on the ACC liability. This variance reflected weaker interest rates and a weaker inflation outlook.
Net worth attributable to the Crown	(\$2,965 million) lower than forecast	Net worth was \$73.3b, \$3.0b lower than forecast mainly due to the operating balance explained above.

Table 3 – Fiscal strategy and financial results

Fiscal Strategy	Financial Results	Ret	31 Jan 2015	31 Jan 2015	Variance \$m	Variance ² %	Annual
			Actual \$m	Forecast \$m			Forecast \$m
	Taxation as a % of GDP	1	27.4%	27.0%			27.4%
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective	Core Crown taxation revenue ...		37,779	37,323	456	1.2	65,626
	... combined with other core Crown revenue ...		3,192	3,171	21	0.7	5,840
Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP	... fund core Crown expenses...		(41,427)	(41,676)	249	0.6	(73,018)
	... and with SOE and Crown entity results and core Crown gains and losses...		(1,823)	1,906	(3,729)	(195.6)	3,452
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective	... result in an operating surplus or deficit...		(2,279)	724	(3,003)	(414.8)	1,900
	...with income in SOEs, CEs and the NZS Fund retained...		1,534	(2,567)	4,101	159.8	(4,615)
	... and some items do not impact cash ...		272	763	(491)	(64.4)	2,755
	... leaving operating cash flows to ...		(473)	(1,080)	607	56.2	40
Debt Manage total debt at prudent levels ensuring net debt is reduced to a level no higher than 20% of GDP by 2020. Beyond 2020, maintain net debt within a range of around 10% to 20% of GDP over the economic cycle.	... meet the capital expenditure budget ...		(1,116)	(1,205)	89	7.4	(2,126)
	... make advances (e.g. to students and DHBs)...		(809)	(876)	67	7.7	(2,551)
	... and receive proceeds from government share offers ...		-	-	-	-	628
	With the residual cash ...		(2,398)	(3,161)	763	24.1	(4,009)
	... when combined with opening net debt ...		59,931	59,931	-	-	59,931
... and fair value movements and other changes in financial assets and financial liabilities ...		(545)	(138)	407	293.7	(446)	
... results in a closing net debt ...		61,784	62,954	1,170	1.9	63,494	
... and as a % of GDP		26.1%	26.6%			26.5%	

1 GDP for the seven months ended 31 January 2015 (actual and forecast) is the actual data for the year ended 30 September 2014 (Source: Statistics New Zealand) pro-rated for seven months.

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

YEAR-ON-YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	January 2015	January 2014	Change ¹	Change %
	Actual \$m	Actual \$m	\$m	%
Statement of Financial Performance				
Core Crown Revenue				
Taxation revenue	37,779	34,982	2,797	8.0
Other revenue	3,192	3,295	(103)	(3.1)
Total core Crown revenue	40,971	38,277	2,694	7.0
Core Crown Expenses				
Social security and welfare	13,885	13,445	440	3.3
GSF pension expenses	205	149	56	37.6
Health	8,735	8,569	166	1.9
Education	6,945	6,661	284	4.3
Core government services	2,342	2,270	72	3.2
Law and order	2,052	2,023	29	1.4
Defence	1,078	1,057	21	2.0
Transport and communications	1,120	1,157	(37)	(3.2)
Economic and industrial services	1,235	1,211	24	2.0
Primary services	375	387	(12)	(3.1)
Heritage, culture and recreation	509	507	2	0.4
Environmental protection	393	261	132	50.6
Housing and community development	212	222	(10)	(4.5)
Other	79	120	(41)	(34.2)
Finance costs	2,262	2,088	174	8.3
Total core Crown expenses	41,427	40,127	1,300	3.2
Net surplus of SOE/CE's (and inter-segment eliminations)	533	787	(254)	(32.3)
OBEGAL	77	(1,063)	1,140	107.2
Total gains/(losses)	(2,854)	4,297	(7,151)	(166.4)
Other operating items	498	138	360	260.9
Operating balance	(2,279)	3,372	(5,651)	(167.6)
Core Crown residual cash	(2,398)	(4,112)	1,714	41.7
Debt indicators				
Gross debt²	87,232	83,333	3,899	4.7
Net debt³	61,784	59,897	1,887	3.2

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

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

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

Revenue and Expenses

Core Crown taxation revenue for the seven months ended 31 January 2015 increased by \$2,797 million (8.0%) on the same period last year. Improving macroeconomic conditions have led to growth in other direct taxes (12.7%), other individuals tax (13.1%), corporate tax (10.4%) and GST (6.0%).

Total **core Crown expenses** increased by 3.2% on the same period last year. The main increases relate to the following:

Functional expense	Movement from previous year	Main drivers of the change
Increases:		
Social security and welfare	+ \$440 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Education	+ \$284 million	Funding provided in the 2014 Budget to maintain and improve existing service levels.
Finance costs	+ \$174 million	A direct result of the increased debt levels currently held.
Health	+ \$166 million	Funding provided in the 2014 Budget to maintain and improve existing service levels.
Environmental protection	+ \$132 million	\$103 million of this relates to the Crown's signing of the Deed of Indemnity with Solid Energy.
Other functional class	+ \$104 million	
Total	\$1,300 million	

Gains/Losses

Total net losses were (\$2,854) million in the seven months to January 2015, compared to gains of \$4,297 million in the previous year due largely to the actuarial losses on the ACC and GSF liability in the current period.

Debt

Gross debt has increased by \$3,899 million or 4.7% from January 2014. **Net debt** has increased by \$1,887 million over the same time, largely owing to continued cash deficits.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the seven months ended 31 January 2015

Year to 30 Jun 2014	7 months to 31 Jan 2014		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
60,879	34,592	Taxation revenue	2	37,368	36,998	370	1.0	65,041
5,450	3,225	Other sovereign revenue	2	3,090	2,960	130	4.4	5,103
66,329	37,817	Total Revenue Levied through the Crown's Sovereign Power		40,458	39,958	500	1.3	70,144
16,472	9,286	Sales of goods and services		9,613	9,574	39	0.4	16,645
3,175	1,774	Interest revenue and dividends	3	1,954	2,048	(94)	(4.6)	3,709
3,420	2,098	Other revenue		2,070	2,076	(6)	(0.3)	3,802
23,067	13,158	Total revenue earned through the Crown's operations		13,637	13,698	(61)	(0.4)	24,156
89,396	50,975	Total revenue (excluding gains)		54,095	53,656	439	0.8	94,300
		Expenses						
23,360	13,509	Transfer payments and subsidies	4	13,765	13,852	87	0.6	23,890
20,484	11,855	Personnel expenses	5	12,246	12,246	-	-	21,058
4,872	2,515	Depreciation and amortisation	6	2,778	2,678	(100)	(3.7)	4,844
35,553	19,775	Other operating expenses	7	20,427	20,961	534	2.5	37,209
4,400	2,580	Interest expenses	8	2,648	2,711	63	2.3	4,665
3,501	1,804	Insurance expenses	9	2,009	1,868	(141)	(7.5)	3,678
-	-	Forecast new operating spending		-	-	-	-	123
-	-	Top-down expense adjustment		-	(333)	(333)	(100.0)	(950)
92,170	52,038	Total expenses (excluding losses)		53,873	53,983	110	0.2	94,517
(159)	-	Minority interests share of operating balance before gains/losses		(145)	(308)	163	52.9	(355)
(2,933)	(1,063)	Operating balance before gains/(losses) (excluding minority interests)		77	(635)	712	112.1	(572)
4,841	2,840	Net gains/(losses) on financial instruments	10	3,533	2,921	612	21.0	3,938
540	1,457	Net gains/(losses) on non-financial instruments	11	(6,387)	(1,740)	(4,647)	(267.1)	(1,782)
5,381	4,297	Total gains/(losses)		(2,854)	1,181	(4,035)	(341.7)	2,156
360	138	Net surplus/(deficit) from associates and joint ventures		498	178	320	179.8	316
2,808	3,372	Operating balance (excluding minority interests)		(2,279)	724	(3,003)	(414.8)	1,900

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the seven months ended 31 January 2015

Year to 30 Jun 2014	7 months to 31 Jan 2014		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
27,266	15,574	Social security and welfare	16,150	16,196	46	0.3	28,200
295	155	GSF pension expenses	213	219	6	2.7	376
14,344	8,299	Health	8,590	8,624	34	0.4	14,828
13,064	7,415	Education	7,657	7,743	86	1.1	13,595
4,104	2,043	Core government services	2,117	2,290	173	7.6	4,483
3,730	2,148	Law and order	2,199	2,234	35	1.6	3,857
1,776	1,034	Defence	1,048	1,078	30	2.8	1,928
9,137	5,029	Transport and communications	5,086	5,195	109	2.1	9,545
7,767	4,324	Economic and industrial services	4,824	4,417	(407)	(9.2)	7,703
2,372	1,387	Heritage, culture and recreation	1,334	1,405	71	5.1	2,293
1,703	993	Primary services	1,019	1,057	38	3.6	1,888
1,095	676	Housing and community development	619	701	82	11.7	1,152
538	261	Environmental protection	290	298	8	2.7	563
579	120	Other	79	148	69	46.6	268
4,400	2,580	Finance costs	2,648	2,711	63	2.3	4,665
-	-	Forecast new operating spending	-	-	-	-	123
-	-	Top-down expense adjustment	-	(333)	(333)	(100.0)	(950)
92,170	52,038	Total Crown expenses excluding losses	53,873	53,983	110	0.2	94,517

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 2014	7 months to 31 Jan 2014		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses					
23,281	13,445	Social security and welfare	13,885	13,971	86	0.6	23,917
282	149	GSF pension expenses	205	210	5	2.4	360
14,898	8,569	Health	8,735	8,743	8	0.1	15,110
12,300	6,661	Education	6,945	7,012	67	1.0	12,861
4,502	2,270	Core government services	2,342	2,499	157	6.3	4,839
3,501	2,023	Law and order	2,052	2,080	28	1.3	3,595
1,811	1,057	Defence	1,078	1,106	28	2.5	1,977
2,237	1,157	Transport and communications	1,120	1,148	28	2.4	2,297
2,058	1,211	Economic and industrial services	1,235	1,301	66	5.1	2,239
842	507	Heritage, culture and recreation	509	526	17	3.2	781
676	387	Primary services	375	394	19	4.8	754
347	222	Housing and community development	212	224	12	5.4	372
533	261	Environmental protection	393	397	4	1.0	659
579	120	Other	79	148	69	46.6	268
3,620	2,088	Finance costs	2,262	2,250	(12)	(0.5)	3,816
-	-	Forecast new operating spending	-	-	-	-	123
-	-	Top-down expense adjustment	-	(333)	(333)	(100.0)	(950)
71,467	40,127	Core Crown expenses excluding losses	41,427	41,676	249	0.6	73,018

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

STATEMENT OF COMPREHENSIVE INCOME

for the seven months ended 31 January 2015

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
2,946	3,372	Operating Balance (including minority interest)	(2,141)	997	(3,138)	(314.7)	2,291
		Other comprehensive income					
5,395	(348)	Revaluation of physical assets	(10)	(21)	11	52.4	(9)
(34)	(25)	Net change in hedging instruments entered into for cash flow hedges	(58)	(81)	23	28.4	(50)
(51)	(30)	Foreign currency translation differences for foreign operations	49	12	37	308.3	11
(36)	(104)	Valuation gains/(losses) on investments available for sale taken to reserves	21	25	(4)	(16.0)	19
1	52	Other movements	-	2	(2)	(100.0)	(13)
5,275	(455)	Total other comprehensive income	2	(63)	65	103.2	(42)
8,221	2,917	Total comprehensive income	(2,139)	934	(3,073)	(329.0)	2,249
		Attributable to:					
147	-	- minority interest	(44)	16	(60)	(375.0)	441
8,074	2,917	- the Crown	(2,095)	918	(3,013)	(328.2)	1,808
8,221	2,917	Total comprehensive income	(2,139)	934	(3,073)	(329.0)	2,249

STATEMENT OF CHANGES IN NET WORTH

for the seven months ended 31 January 2015

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
70,011	70,011	Opening net worth	80,779	80,779	-	-	80,779
2,946	3,372	Operating balance (including minority interest)	(2,141)	997	(3,138)	(314.7)	2,291
5,395	(348)	Net revaluations	(10)	(21)	11	52.4	(9)
(2)	(131)	Transfers to/(from) reserves (Gains)/losses transferred to the	(31)	(57)	26	45.6	38
(43)	(2)	Statement of Financial Performance	-	(8)	8	100.0	(7)
(75)	26	Other movements	43	23	20	87.0	(64)
8,221	2,917	Total comprehensive income	(2,139)	934	(3,073)	(329.0)	2,249
(577)	(361)	Gain/(loss) on Government share offers in SOEs	-	-	-	-	-
3,308	2,423	Increase in minority interest from Government share offers	-	-	-	-	-
(184)	105	Transactions with minority interests	(198)	(246)	48	19.5	(468)
80,779	75,095	Closing net worth	78,442	81,467	(3,025)	(3.7)	82,560

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

STATEMENT OF CASH FLOWS

for the seven months ended 31 January 2015

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Cash Flows from Operations					
		Cash was provided from					
59,853	33,794	Taxation receipts	36,844	36,359	485	1.3	64,129
4,974	3,073	Other sovereign receipts	3,155	2,921	234	8.0	4,673
16,608	9,281	Sales of goods and services	9,696	9,911	(215)	(2.2)	16,759
2,945	1,668	Interest and dividends receipts	1,907	1,782	125	7.0	3,660
5,737	3,569	Other operating receipts	2,203	2,428	(225)	(9.3)	4,535
90,117	51,385	Total cash provided from operations	53,805	53,401	404	0.8	93,756
		Cash was disbursed to					
23,447	14,100	Transfer payments and subsidies	14,010	14,037	27	0.2	24,015
59,891	36,079	Personnel and operating payments	36,133	37,224	1,091	2.9	62,143
4,312	2,210	Interest payments	2,350	2,554	204	8.0	4,964
-	-	Forecast new operating spending	-	-	-	-	123
-	-	Top-down expense adjustment	-	(333)	(333)	(100.0)	(950)
87,650	52,389	Total cash disbursed to operations	52,493	53,482	989	1.8	90,295
2,467	(1,004)	Net cash flows from operations	1,312	(81)	1,393	-	3,461
		Cash Flows from Investing Activities					
		Cash was provided from/(disbursed to)					
(5,503)	(3,127)	Net (purchase)/sale of physical assets	(3,212)	(3,710)	498	13.4	(7,767)
(5,725)	(4,838)	Net (purchase)/sale of shares and other securities	(2,450)	(580)	(1,870)	(322.4)	3,747
(658)	(344)	Net (purchase)/sale of intangible assets	(319)	(339)	20	5.9	(385)
(1,529)	(214)	Net (issue)/repayment of advances	(658)	(1,117)	459	41.1	(2,043)
73	59	Net acquisition of investments in associates	72	(41)	113	275.6	(42)
-	-	Forecast new capital spending	-	-	-	-	(113)
-	-	Top-down capital adjustment	-	201	(201)	(100.0)	575
(13,342)	(8,464)	Net cash flows from investing activities	(6,567)	(5,586)	(981)	(17.6)	(6,028)
(10,875)	(9,468)	Net cash flows from operating and investing activities	(5,255)	(5,667)	412	7.3	(2,567)
		Cash Flows from Financing Activities					
		Cash was provided from/(disbursed to)					
274	382	Issues of circulating currency	444	214	230	107.5	130
2,186	1,498	Net proceeds from Government share offer programme	-	-	-	-	598
5,520	5,875	Net issue/(repayment) of Government bonds	4,354	4,430	(76)	(1.7)	(547)
1,442	172	Net issue/(repayment) of foreign currency borrowing	(1,435)	(953)	(482)	(50.6)	(1,447)
(832)	(903)	Net issue/(repayment) of other New Zealand dollar borrowing	2,021	1,366	655	48.0	3,126
(166)	-	Dividends paid to minority interests	(293)	(243)	(50)	(21)	(398)
8,424	7,024	Net cash flows from financing activities	5,091	4,814	277	5.8	1,462
(2,451)	(2,444)	Net movement in cash	(164)	(853)	689	80.8	(1,105)
14,924	14,924	Opening cash balance	11,888	11,888	-	-	11,888
(585)	(221)	Foreign-exchange gains/(losses) on opening cash	690	374	316	84.5	383
11,888	12,259	Closing cash balance	12,414	11,409	1,005	8.8	11,166

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the seven months ended 31 January 2015

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
2,467	(1,004)	Net Cash Flows from Operations	1,312	(81)	1,393	-	3,461
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Gains/(losses)							
4,841	2,840	Net gains/(losses) on financial instruments	3,533	2,921	612	21.0	3,938
540	1,457	Net gains/(losses) on non-financial instruments	(6,387)	(1,740)	(4,647)	(267.1)	(1,782)
5,381	4,297	Total gains/(losses)	(2,854)	1,181	(4,035)	(341.7)	2,156
Other Non-cash Items in Operating Balance							
(4,872)	(2,515)	Depreciation and amortisation	(2,778)	(2,678)	(100)	(3.7)	(4,844)
(789)	(301)	Write-down on initial recognition of financial assets	(248)	(267)	19	7.1	(786)
(47)	(5)	Impairment of financial assets (excluding receivables)	(25)	(14)	(11)	(78.6)	(125)
442	289	Decrease/(increase) in defined benefit retirement plan liabilities	232	248	(16)	(6.5)	399
1,409	2,392	Decrease/(increase) in insurance liabilities	2,031	2,243	(212)	(9.5)	968
202	132	Other	352	(134)	486	362.7	(39)
(3,655)	(8)	Total other non-cash Items	(436)	(602)	166	27.6	(4,427)
Movements in Working Capital							
(1,553)	(2,400)	Increase/(decrease) in receivables	(1,704)	(1,678)	(26)	(1.5)	385
143	(263)	Increase/(decrease) in accrued interest	(250)	110	(360)	(327.3)	349
(41)	70	Increase/(decrease) in inventories	(14)	36	(50)	(138.9)	3
39	245	Increase/(decrease) in prepayments	222	156	66	42.3	(64)
(248)	51	Decrease/(increase) in deferred revenue	(34)	110	(144)	(130.9)	12
275	2,384	Decrease/(increase) in payables/provisions	1,479	1,492	(13)	(0.9)	25
(1,385)	87	Total movements in working capital	(301)	226	(527)	(233.2)	710
2,808	3,372	Operating balance (excluding minority interests)	(2,279)	724	(3,003)	(414.8)	1,900

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

STATEMENT OF FINANCIAL POSITION

as at 31 January 2015

As at 30 Jun 2014 Actual \$m	As at 31 Jan 2014 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Assets								
11,888	12,259	Cash and cash equivalents	13	12,414	11,409	1,005	8.8	11,166
17,480	16,743	Receivables	13	15,937	15,948	(11)	(0.1)	17,602
48,457	47,846	Marketable securities, deposits and derivatives in gain	13	50,599	48,971	1,628	3.3	45,459
20,596	19,874	Share investments	13	23,897	21,934	1,963	8.9	22,718
24,756	23,316	Advances	13	25,292	25,534	(242)	(0.9)	26,428
1,099	1,210	Inventory		1,085	1,135	(50)	(4.4)	1,102
2,510	2,634	Other assets		2,694	2,648	46	1.7	2,279
116,306	110,418	Property, plant and equipment	14	117,507	118,080	(573)	(0.5)	120,046
10,071	9,745	Equity accounted investments ¹		10,689	10,391	298	2.9	10,519
2,920	2,859	Intangible assets and goodwill	15	2,940	2,940	-	-	3,066
-	-	Forecast for new capital spending		-	-	-	-	113
-	-	Top-down capital adjustment		-	(201)	201	100.0	(575)
256,083	246,904	Total assets		263,054	258,789	4,265	1.6	259,923
Liabilities								
4,964	5,072	Issued currency		5,408	5,179	(229)	(4.4)	5,153
11,294	10,342	Payables	17	10,468	10,943	475	4.3	12,319
1,962	1,664	Deferred revenue		1,997	1,853	(144)	(7.8)	1,950
103,419	103,354	Borrowings		109,754	107,315	(2,439)	(2.3)	104,442
35,825	34,181	Insurance liabilities	18	39,593	34,898	(4,695)	(13.5)	36,173
10,885	11,075	Retirement plan liabilities		11,058	11,041	(17)	(0.2)	10,891
6,955	6,121	Provisions	19	6,334	6,093	(241)	(4.0)	6,435
175,304	171,809	Total liabilities		184,612	177,322	(7,290)	(4.1)	177,363
80,779	75,095	Total assets less total liabilities		78,442	81,467	(3,025)	(3.7)	82,560
Net Worth								
13,300	13,986	Taxpayers' funds	20	11,103	14,090	(2,987)	(21.2)	15,271
62,225	56,685	Property, plant and equipment revaluation reserve	20	62,178	62,195	(17)	-	62,153
43	(44)	Other reserves	20	(6)	(45)	39	86.7	(48)
75,568	70,627	Total net worth attributable to the Crown		73,275	76,240	(2,965)	(3.9)	77,376
5,211	4,468	Net worth attributable to minority interest	20	5,167	5,227	(60)	(1.1)	5,184
80,779	75,095	Total net worth		78,442	81,467	(3,025)	(3.7)	82,560

1. Tertiary education institutions constitute most equity accounted investments.

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

STATEMENT OF BORROWINGS

as at 31 January 2015

As at 30 Jun 2014 Actual \$m	As at 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
60,337	61,551	Government bonds ¹	62,489	62,331	(158)	(0.3)	58,375
3,147	3,391	Treasury bills	3,278	3,451	173	5.0	4,129
183	190	Government retail stock	179	181	2	1.1	181
7,758	6,849	Settlement deposits with Reserve Bank	7,311	7,695	384	5.0	7,695
2,245	2,482	Derivatives in loss	4,726	2,873	(1,853)	(64.5)	2,680
1,501	1,437	Finance lease liabilities	1,860	1,765	(95)	(5.4)	1,991
28,248	27,454	Other borrowings	29,911	29,019	(892)	(3.1)	29,391
103,419	103,354	Total borrowings	109,754	107,315	(2,439)	(2.3)	104,442
77,461	78,194	Sovereign-guaranteed debt	82,014	79,166	(2,848)	(3.6)	75,862
25,958	25,160	Non sovereign-guaranteed debt	27,740	28,149	409	1.5	28,580
103,419	103,354	Total borrowings	109,754	107,315	(2,439)	(2.3)	104,442
		Net Debt:					
89,090	89,653	Core Crown borrowings ²	95,051	90,979	(4,072)	(4.5)	87,604
(622)	(675)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,786)	(845)	941	111.4	(847)
88,468	88,978	Gross sovereign-issued debt³	93,265	90,134	(3,131)	(3.5)	86,757
68,047	66,498	Less core Crown financial assets ⁴	73,414	68,445	4,969	7.3	65,846
20,421	22,480	Net core Crown debt	19,851	21,689	1,838	8.5	20,911
13,753	13,231	Add back core Crown advances	13,990	13,901	(89)	(0.6)	14,502
34,174	35,711	Net core Crown debt (incl NZS Fund)⁵	33,841	35,590	1,749	4.9	35,413
25,757	24,186	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	27,943	27,364	(579)	(2.1)	28,081
59,931	59,897	Net core Crown debt (excl NZS Fund and advances)⁷	61,784	62,954	1,170	1.9	63,494
		Gross Debt:					
88,468	88,978	Gross sovereign-issued debt ³	93,265	90,134	(3,131)	(3.5)	86,757
(8,112)	(7,245)	Less Reserve Bank settlement cash and Reserve Bank bills	(7,633)	(8,090)	(457)	(5.6)	(8,068)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
81,956	83,333	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills	87,232	83,644	(3,588)	(4.3)	80,289

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.

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

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

STATEMENT OF COMMITMENTS

as at 31 January 2015

	As at 31 Jan 2015 \$m	As at 30 Jun 2014 \$m	As at 31 Jan 2014 \$m
Capital Commitments			
Specialist military equipment	478	732	358
Land and buildings	1,200	878	877
Other property, plant and equipment	5,516	5,307	5,136
Other capital commitments	852	919	933
Tertiary Education Institutions	201	201	169
Total capital commitments	8,247	8,037	7,473
Operating Commitments			
Non-cancellable accommodation leases	2,872	3,059	2,668
Other non-cancellable leases	2,399	2,340	2,564
Tertiary Education Institutions	494	494	466
Total operating commitments	5,765	5,893	5,698
Total commitments	14,012	13,930	13,171
Total Commitments by Segment			
Core Crown	4,745	4,916	4,370
Crown entities	5,379	5,465	5,320
State-owned Enterprises	5,030	4,847	5,020
Inter-segment eliminations	(1,142)	(1,298)	(1,539)
Total commitments	14,012	13,930	13,171

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 31 January 2015

	As at 31 Jan 2015 \$m	As at 30 Jun 2014 \$m	As at 31 Jan 2014 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	233	222	183
Uncalled capital	6,330	5,662	6,048
Legal proceedings and disputes	466	604	686
Other contingent liabilities	373	357	424
Total quantifiable contingent liabilities	7,402	6,845	7,341
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	7,140	6,568	7,055
Crown entities	42	44	52
State-owned Enterprises	220	233	234
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	7,402	6,845	7,341
Quantifiable Contingent Assets			
Core Crown	141	129	201
Crown entities	4	4	4
State owned enterprises	12	-	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	157	133	205

A list of unquantified contingent liabilities is included on the Treasury's website
<http://www.treasury.govt.nz/government/financialstatements/yearend/jun14/74.htm>

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
- 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
- Organisations listed in Schedule 6 of the Public Finance Act 1989

A schedule of the entities that are included in the Government reporting entity was set out on pages 91 - 93 of the *2014 Half Year Economic and Fiscal Update* released on 16 December 2014.

With the exception of the 30 June 2014 comparative figures, all actual, forecast and comparative figures presented in these financial statements 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), 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.

These financial statements are the first interim set prepared in accordance with PBE Standards. There were no material adjustments as a result of transitioning to PBE standards.

The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests; and marketable securities, deposits and equity investments held for trading purposes. The accrual basis of accounting has been used unless otherwise stated.

These financial statements have been prepared on a going concern basis.

Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:
<http://www.treasury.govt.nz/publications/guidance/reporting/accounting>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2015.

The accounting policies underlying the preparation of forecasts are set out in the Statement of Accounting Policies reproduced in full on the Treasury's internet site:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies (continued)

Comparative Figures

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

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, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future, as with the settlement of ACC outstanding claim obligations and Government Superannuation retirement benefits, depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

A further area of uncertainty relates to the estimation of the claims and provisions arising from the Canterbury earthquakes. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue (Accrual)							
Taxation Revenue (accrual)							
Individuals							
23,738	14,019	Source deductions	14,998	14,854	144	1.0	25,034
5,216	2,867	Other persons	3,156	3,013	143	4.7	5,347
(1,573)	(694)	Refunds	(674)	(680)	6	0.9	(1,517)
489	270	Fringe benefit tax	282	273	9	3.3	505
27,870	16,462	Total individuals	17,762	17,460	302	1.7	29,369
Corporate Tax							
9,020	4,105	Gross companies tax	4,545	4,515	30	0.7	9,840
(192)	(97)	Refunds	(67)	(83)	16	19.3	(198)
428	271	Non-resident withholding tax	259	234	25	10.7	467
8	(1)	Foreign-source dividend w/holding payments	(4)	(5)	1	20.0	(3)
9,264	4,278	Total corporate tax	4,733	4,661	72	1.5	10,106
Other Direct Income Tax							
1,644	899	Resident w/holding tax on interest income	987	990	(3)	(0.3)	1,813
446	234	Resident w/holding tax on dividend income	290	274	16	5.8	494
2,090	1,133	Total other direct income tax	1,277	1,264	13	1.0	2,307
39,224	21,873	Total income tax	23,772	23,385	387	1.7	41,782
Goods and Services Tax							
27,208	15,643	Gross goods and services tax	16,340	16,639	(299)	(1.8)	28,799
(11,191)	(6,446)	Refunds	(6,593)	(6,796)	203	3.0	(11,428)
16,017	9,197	Total goods and services tax	9,747	9,843	(96)	(1.0)	17,371
Other Indirect Taxation							
1,205	695	Road user charges	748	739	9	1.2	1,246
1,612	910	Petroleum fuels excise ¹	960	1,023	(63)	(6.2)	1,709
892	539	Alcohol excise ¹	558	564	(6)	(1.1)	923
1,272	987	Tobacco excise ¹	1,191	1,050	141	13.4	1,358
172	106	Other customs duty	102	98	4	4.1	157
211	126	Gaming duties	127	125	2	1.6	213
187	108	Motor vehicle fees	112	115	(3)	(2.6)	199
52	33	Approved issuer levy and cheque duty	30	37	(7)	(18.9)	50
35	18	Energy resources levies	21	19	2	10.5	33
5,638	3,522	Total other indirect taxation	3,849	3,770	79	2.1	5,888
21,655	12,719	Total indirect taxation	13,596	13,613	(17)	(0.1)	23,259
60,879	34,592	Total taxation revenue	37,368	36,998	370	1.0	65,041
Other Sovereign Revenue (accrual)							
3,600	2,144	ACC levies	1,970	1,865	105	5.6	3,195
339	211	Fire Service levies	226	221	5	2.3	350
274	159	EQC levies	163	164	(1)	(0.6)	282
545	356	Child support	324	343	(19)	(5.5)	582
179	103	Court fines	105	105	-	-	173
513	252	Other miscellaneous items	302	262	40	15.3	521
5,450	3,225	Total other sovereign revenue	3,090	2,960	130	4.4	5,103
66,329	37,817	Total sovereign revenue	40,458	39,958	500	1.3	70,144

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2 (continued): Sovereign Receipts (Cash)							
Taxation Receipts (cash)							
Individuals							
23,621	13,811	Source deductions	14,770	14,613	157	1.1	24,886
5,466	2,742	Other persons	2,981	2,951	30	1.0	5,900
(2,276)	(1,319)	Refunds	(1,297)	(1,346)	49	3.6	(2,293)
482	338	Fringe benefit tax	353	351	2	0.6	503
27,293	15,572	Total individuals	16,807	16,569	238	1.4	28,996
Corporate Tax							
9,374	4,884	Gross companies tax	5,542	5,538	4	0.1	10,083
(563)	(309)	Refunds	(320)	(325)	5	1.5	(639)
405	225	Non-resident withholding tax	318	283	35	12.4	491
-	-	Foreign-source dividend w/holding payments	(5)	(5)	-	-	(3)
9,216	4,800	Total corporate tax	5,535	5,491	44	0.8	9,932
Other Direct Income Tax							
1,629	923	Resident w/holding tax on interest income	1,020	1,033	(13)	(1.3)	1,811
449	244	Resident w/holding tax on dividend income	299	287	12	4.2	494
2,078	1,167	Total other direct income tax	1,319	1,320	(1)	(0.1)	2,305
38,587	21,539	Total income tax	23,661	23,380	281	1.2	41,233
Goods and Services Tax							
26,596	14,956	Gross goods and services tax	15,709	15,752	(43)	(0.3)	27,934
(10,948)	(6,312)	Refunds	(6,514)	(6,672)	158	2.4	(10,928)
15,648	8,644	Total goods and services tax	9,195	9,080	115	1.3	17,006
Other Indirect Taxation							
1,187	671	Road user charges	747	739	8	1.1	1,246
1,780	1,160	Excise duties	1,260	1,223	37	3.0	1,899
2,179	1,475	Customs duty	1,675	1,640	35	2.1	2,248
208	124	Gaming duties	128	125	3	2.4	213
178	127	Motor vehicle fees	126	115	11	9.6	199
51	36	Approved issuer levy and cheque duty	31	38	(7)	(18.4)	52
35	18	Energy resources levies	21	19	2	10.5	33
5,618	3,611	Total other indirect taxation	3,988	3,899	89	2.3	5,890
21,266	12,255	Total indirect taxation	13,183	12,979	204	1.6	22,896
59,853	33,794	Total tax receipts collected	36,844	36,359	485	1.3	64,129
Other Sovereign Receipts (cash)							
3,579	2,248	ACC levies	2,110	2,054	56	2.7	3,219
340	212	Fire Service levies	226	221	5	2.3	350
273	168	EQC levies	171	181	(10)	(5.5)	284
219	132	Child support	120	129	(9)	(7.0)	217
149	85	Court fines	89	82	7	8.5	137
414	228	Other miscellaneous items	439	254	185	72.8	466
4,974	3,073	Total other sovereign receipts	3,155	2,921	234	8.0	4,673
64,827	36,867	Total sovereign receipts	39,999	39,280	719	1.8	68,802

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
<i>By type</i>							
2,516	1,425	Interest revenue	1,609	1,697	(88)	(5.2)	3,075
659	349	Dividends	345	351	(6)	(1.7)	634
3,175	1,774	Total interest revenue and dividends	1,954	2,048	(94)	(4.6)	3,709
<i>By source</i>							
2,295	1,362	Core Crown	1,421	1,418	3	0.2	2,372
1,249	635	Crown entities	820	775	45	5.8	1,465
879	509	State-owned Enterprises	620	603	17	2.8	1,072
(1,248)	(732)	Inter-segment eliminations	(907)	(748)	(159)	(21.3)	(1,200)
3,175	1,774	Total interest revenue and dividends	1,954	2,048	(94)	(4.6)	3,709
NOTE 4: Transfer Payments and Subsidies							
10,913	6,325	New Zealand superannuation	6,744	6,749	5	0.1	11,577
1,691	999	Jobseeker support and emergency benefit	1,014	1,017	3	0.3	1,679
1,422	809	Supported living payment	890	890	-	-	1,513
1,222	714	Sole parent support	708	706	(2)	(0.3)	1,187
1,965	1,128	Family tax credit	1,059	1,073	14	1.3	1,890
567	312	Other working for families tax credits	294	298	4	1.3	557
1,146	681	Accommodation assistance	667	670	3	0.4	1,132
660	386	Income related rents	411	412	1	0.2	718
379	224	Disability assistance	222	223	1	0.4	379
539	301	Student allowances	288	290	2	0.7	523
1,519	939	Other social assistance benefits	776	799	23	2.9	1,350
22,023	12,818	Total social assistance grants	13,073	13,127	54	0.4	22,505
Subsidies							
804	497	KiwiSaver	483	493	10	2.0	854
Other transfer payments							
533	194	Official development assistance	209	232	23	9.9	531
23,360	13,509	Total transfer payments and subsidies	13,765	13,852	87	0.6	23,890
NOTE 5: Personnel Expenses							
6,232	3,612	Core Crown	3,754	3,773	19	0.5	6,507
11,315	6,537	Crown entities	6,807	6,815	8	0.1	11,688
2,956	1,714	State-owned Enterprises	1,694	1,664	(30)	(1.8)	2,874
(19)	(8)	Inter-segment eliminations	(9)	(6)	3	50.0	(11)
20,484	11,855	Total personnel expenses	12,246	12,246	-	-	21,058
NOTE 6: Depreciation and Amortisation							
1,476	810	Core Crown	858	859	1	0.1	1,497
1,661	932	Crown entities	971	975	4	0.4	1,698
1,735	773	State-owned Enterprises	949	844	(105)	(12.4)	1,649
-	-	Inter-segment eliminations	-	-	-	-	-
4,872	2,515	Total depreciation and amortisation	2,778	2,678	(100)	(3.7)	4,844

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 7: Other Operating Expenses							
<i>By source</i>							
36,777	20,110	Core Crown	20,785	21,274	489	2.3	38,135
17,297	9,967	Crown entities	10,242	10,432	190	1.8	18,095
9,042	5,231	State-owned Enterprises	5,499	5,373	(126)	(2.3)	9,237
(27,563)	(15,533)	Inter-segment eliminations	(16,099)	(16,118)	(19)	(0.1)	(28,258)
35,553	19,775	Total operating expenses	20,427	20,961	534	2.5	37,209
NOTE 8: Interest Expenses							
<i>By type</i>							
4,360	2,558	Interest on financial liabilities	2,627	2,682	55	2.1	4,615
40	22	Interest unwind on provisions	21	29	8	27.6	50
4,400	2,580	Total interest expenses	2,648	2,711	63	2.3	4,665
<i>By source</i>							
3,620	2,088	Core Crown	2,262	2,250	(12)	(0.5)	3,816
219	129	Crown entities	131	131	-	-	224
1,161	664	State-owned Enterprises	746	746	-	-	1,348
(600)	(301)	Inter-segment eliminations	(491)	(416)	75	18.0	(723)
4,400	2,580	Total interest expenses	2,648	2,711	63	2.3	4,665
NOTE 9: Insurance Expenses							
<i>By entity</i>							
3,484	1,818	ACC	1,939	1,895	(44)	(2.3)	3,675
(111)	(52)	EQC	(90)	(74)	16	21.6	(21)
87	29	Southern Response	148	40	(108)	(270.0)	12
41	9	Other insurance expenses	12	7	(5)	(71.4)	12
3,501	1,804	Total insurance expenses	2,009	1,868	(141)	(7.5)	3,678
NOTE 10: Net Gains and Losses on Financial Instruments							
<i>By source</i>							
4,045	2,332	Core Crown	2,392	2,122	270	12.7	3,140
702	301	Crown entities	2,561	894	1,667	186.5	994
182	125	State-owned Enterprises	(171)	57	(228)	(400.0)	3
(88)	82	Inter-segment eliminations	(1,249)	(152)	(1,097)	-	(199)
4,841	2,840	Net gains/(losses) on financial instruments	3,533	2,921	612	21.0	3,938

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	7 months to 31 Jan 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 11: Net Gains and Losses on Non-Instruments					
		<i>By type</i>					
577	539	Actuarial gains/(losses) on GSF liability ¹	(405)	(405)	-	-	(405)
479	1,139	Actuarial gains/(losses) on ACC liability ²	(5,799)	(1,316)	(4,483)	(340.7)	(1,316)
(516)	(221)	Other	(183)	(19)	(164)	-	(61)
540	1,457	Net gains/(losses) on non-financial instruments	(6,387)	(1,740)	(4,647)	(267.1)	(1,782)
		<i>By source</i>					
220	326	Core Crown	(633)	(434)	(199)	(45.9)	(445)
477	1,136	Crown entities	(5,796)	(1,317)	(4,479)	(340.1)	(1,333)
(156)	(5)	State-owned Enterprises	42	11	31	281.8	(5)
(1)	-	Inter-segment eliminations	-	-	-	-	1
540	1,457	Net gains/(losses) on non-financial instruments	(6,387)	(1,740)	(4,647)	(267.1)	(1,782)
		NOTE 12: Operating Balance (excluding Minority Interests)					
		<i>By source</i>					
203	853	Core Crown	1,325	540	785	145.4	1,212
2,874	2,626	Crown entities	(1,860)	515	(2,375)	(461.2)	715
428	560	State-owned Enterprises	204	349	(145)	(41.5)	513
(697)	(667)	Inter-segment eliminations	(1,948)	(680)	(1,268)	(186.5)	(540)
2,808	3,372	Total operating balance	(2,279)	724	(3,003)	(414.8)	1,900

1. The most recent GSF valuation was as at 30 September 2014.

2. The most recent ACC valuation was as at 31 December 2014, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Jan 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13: Financial Assets and Sovereign Receivables							
11,888	12,259	Cash and cash equivalents	12,414	11,409	1,005	8.8	11,166
8,112	8,226	Tax receivables	7,757	8,211	(454)	(5.5)	8,917
9,368	8,517	Trade and other receivables	8,180	7,737	443	5.7	8,685
8,716	8,339	Student loans	8,709	8,691	18	0.2	8,990
14,630	14,023	Kiwibank mortgages	15,112	15,516	(404)	(2.6)	16,037
3,844	3,299	Long-term deposits	3,546	3,440	106	3.1	3,336
2,142	2,324	IMF financial assets	2,459	2,582	(123)	(4.8)	2,791
1,410	954	Other advances ¹	1,471	1,327	144	10.9	1,401
20,596	19,874	Share investments	23,897	21,934	1,963	8.9	22,718
4,164	3,336	Derivatives in gain	3,642	2,832	810	28.6	2,813
38,307	38,887	Other marketable securities	40,952	40,117	835	2.1	36,519
123,177	120,038	Total financial assets and sovereign receivables	128,139	123,796	4,343	3.5	123,373
Financial Assets by Entity							
18,359	19,492	Debt Management Office	21,036	19,155	1,881	9.8	13,411
18,849	19,022	Reserve Bank of New Zealand	22,485	19,428	3,057	15.7	18,408
26,990	25,175	NZ Superannuation Fund	29,175	28,247	928	3.3	29,167
24,358	22,941	Other core Crown	22,367	23,927	(1,560)	(6.5)	24,346
(8,473)	(8,003)	Intra-segment eliminations	(10,036)	(10,545)	509	4.8	(7,439)
80,083	78,627	Total core Crown segment	85,027	80,212	4,815	6.0	77,893
30,897	28,893	ACC portfolio	32,769	31,606	1,163	4	32,616
3,605	4,403	EQC portfolio	2,877	2,447	430	18	1,431
9,806	8,845	Other Crown entities	9,079	8,878	201	2	10,042
(2,464)	(1,791)	Intra-segment eliminations	(2,494)	(2,509)	15	0.6	(2,315)
41,844	40,350	Total Crown entities segment	42,231	40,422	1,809	4.5	41,774
21,151	20,348	Total State-owned Enterprises segment	22,466	22,519	(53)	(0.2)	23,318
(19,901)	(19,287)	Inter-segment eliminations	(21,585)	(19,357)	(2,228)	(11.5)	(19,612)
123,177	120,038	Total financial assets and sovereign receivables	128,139	123,796	4,343	3.5	123,373

1. Other advances include finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Jan 2014 \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
NOTE 14: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
37,138	34,444	Land	37,197	37,279	(82)	(0.2)	37,379
27,396	25,683	Buildings	27,595	27,755	(160)	(0.6)	28,528
19,709	18,543	State highways	20,163	20,225	(62)	(0.3)	21,102
13,941	13,527	Electricity generation assets	13,750	13,897	(147)	(1.1)	13,778
3,992	4,006	Electricity distribution network (cost)	4,006	4,066	(60)	(1.5)	4,130
2,891	2,796	Specialist military equipment	3,039	3,087	(48)	(1.6)	3,146
2,975	2,621	Specified cultural and heritage assets	2,983	2,976	7	0.2	3,073
2,287	2,366	Aircraft (excl military)	2,616	2,469	147	6.0	2,780
936	1,098	Rail network	1,047	1,024	23	2.2	1,089
5,041	5,334	Other plant and equipment (cost)	5,111	5,302	(191)	(3.6)	5,041
116,306	110,418	Total net carrying value	117,507	118,080	(573)	(0.5)	120,046
By source							
30,963	29,371	Core Crown	31,350	31,592	(242)	(0.8)	32,242
56,802	52,296	Crown entities	57,443	57,627	(184)	(0.3)	58,945
28,541	28,751	State-owned Enterprises	28,714	28,861	(147)	(0.5)	28,859
-	-	Inter-segment eliminations	-	-	-	-	-
116,306	110,418	Total net carrying value	117,507	118,080	(573)	(0.5)	120,046
Land breakdown by usage							
11,361	9,579	Housing stock	11,348	11,339	9	0.1	11,371
8,853	8,003	State highway corridor land	8,853	8,853	-	-	8,853
5,432	5,359	Conservation estate	5,422	5,418	4	0.1	5,439
3,256	3,257	Rail network corridor land	3,255	3,250	5	0.2	3,231
3,167	2,866	Schools	3,140	3,161	(21)	(0.7)	3,175
1,312	1,397	Commercial (SOE) excluding rail	1,338	1,320	18	1.4	1,327
3,757	3,983	Other	3,841	3,938	(97)	(2.5)	3,983
37,138	34,444	Total land	37,197	37,279	(82)	(0.2)	37,379
Schedule of Movements							
Cost or Valuation							
122,796	122,796	Opening balance	130,342	130,342	-	-	130,342
6,672	3,407	Additions (refer below)	4,101	4,481	(380)	(8.5)	8,663
(1,432)	(493)	Disposals	(469)	(296)	(173)	(58.4)	(656)
3,038	(511)	Net revaluations	(47)	(20)	(27)	(135.0)	(2)
(732)	(31)	Other	(44)	16	(60)	(375.0)	(45)
130,342	125,168	Total cost or valuation	133,883	134,523	(640)	(0.5)	138,302
Accumulated Depreciation and Impairment							
12,963	12,963	Opening balance	14,036	14,036	-	-	14,036
(813)	(201)	Eliminated on disposal	(161)	(82)	(79)	(96.3)	(62)
(2,133)	(158)	Eliminated on revaluation	(29)	-	(29)	-	-
4,151	2,155	Depreciation expense and impairment losses	2,353	2,292	61	2.7	4,192
(132)	(9)	Other	177	197	(20)	(10.2)	90
14,036	14,750	Total accumulated depreciation and impairment	16,376	16,443	(67)	(0.4)	18,256
116,306	110,418	Total property, plant and equipment	117,507	118,080	(573)	(0.5)	120,046
Additions - by functional classification							
2,363	1,143	Transport and communications	1,501	1,463	38	2.6	3,325
1,108	627	Economic and industrial services	362	430	(68)	(15.8)	759
529	266	Education	499	502	(3)	(0.6)	913
443	289	Health	316	467	(151)	(32.3)	762
386	163	Defence	362	412	(50)	(12.1)	626
1,843	919	Other	1,061	1,207	(146)	(12.1)	2,278
6,672	3,407	Total additions	4,101	4,481	(380)	(8.5)	8,663

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Jan 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 15: Intangible Assets and Goodwill					
628	648	Goodwill	602	613	(11)	(1.8)	613
2,292	2,211	Other intangible assets	2,338	2,327	11	0.5	2,453
2,920	2,859	Total intangible assets and goodwill	2,940	2,940	-	-	3,066
		<i>By source</i>					
1,184	1,145	Core Crown	1,206	1,220	(14)	(1.1)	1,281
542	548	Crown entities	534	531	3	0.6	612
1,194	1,166	State-owned Enterprises	1,200	1,189	11	0.9	1,173
-	-	Inter-segment eliminations	-	-	-	-	-
2,920	2,859	Total intangible assets and goodwill	2,940	2,940	-	-	3,066
		NOTE 16: NZ Superannuation Fund					
767	420	Revenue	401	422	(21)	(5.0)	730
(1,074)	(594)	Less: current tax expense	44	(319)	(363)	(113.8)	(576)
(164)	(77)	Less: other expenses ¹	(78)	(84)	(6)	(7.1)	(151)
3,735	2,091	Add gains/(losses)	1,462	1,507	(45)	(3.0)	2,338
3,264	1,840	Operating balance	1,829	1,526	303	19.9	2,341
22,549	22,549	Opening net worth	25,809	25,809	-	-	25,809
3,264	1,840	Operating balance	1,829	1,526	303	19.9	2,341
(4)	(6)	Other movements in reserves	40	21	19	90.5	29
25,809	24,383	Closing net worth	27,678	27,356	322	1.2	28,179
		<i>comprising:</i>					
26,990	25,175	Financial assets	29,175	28,247	928	3.3	29,167
(2,323)	(1,969)	Financial liabilities	(2,626)	(2,077)	(549)	(26.4)	(2,233)
1,142	1,177	Net other assets	1,129	1,186	(57)	(4.8)	1,245
25,809	24,383	Closing net worth	27,678	27,356	322	1.2	28,179
1. NZS Fund other expenses include deferred tax expense/(credits).							
		NOTE 17: Payables					
7,626	7,242	Accounts payable	7,446	7,533	87	1.2	7,768
3,668	3,100	Taxes repayable	3,022	3,410	388	11.4	4,551
11,294	10,342	Total payables	10,468	10,943	475	4.3	12,319
		<i>By source</i>					
7,800	6,724	Core Crown	7,445	7,218	(227)	(3.1)	8,370
5,382	5,331	Crown entities	4,735	5,297	562	10.6	5,449
4,832	4,867	State-owned Enterprises	4,725	4,803	78	1.6	5,067
(6,720)	(6,580)	Inter-segment eliminations	(6,437)	(6,375)	62	1.0	(6,567)
11,294	10,342	Total intangible assets and goodwill	10,468	10,943	475	4.3	12,319
		NOTE 18: Insurance Liabilities					
29,948	27,391	ACC liability	34,923	30,420	(4,503)	(14.8)	32,472
4,747	5,576	EQC property damage liability	3,660	3,290	(370)	(11.2)	2,814
1,434	1,557	Southern Response (formerly AMI Insurance)	1,274	1,125	(149)	(13.2)	817
63	59	Other insurance liabilities	59	63	4	6.3	70
(367)	(402)	Inter-segment eliminations	(323)	-	323	-	-
35,825	34,181	Total insurance liabilities	39,593	34,898	(4,695)	(13.5)	36,173

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Jan 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 19: Provisions							
3,444	2,870	Provision for employee entitlements	2,983	2,952	(31)	(1.1)	3,200
521	398	Provision for ETS Credits ¹	777	581	(196)	(33.7)	567
910	945	Provision for National Provident Fund guarantee	879	878	(1)	(0.1)	872
394	467	Provision for Infrastructure costs	298	288	(10)	(3.5)	204
92	121	Provision for weathertight services financial assistance package	94	64	(30)	(46.9)	67
1,594	1,320	Other provisions	1,303	1,330	27	2.0	1,525
6,955	6,121	Total provisions	6,334	6,093	(241)	(4.0)	6,435
By source							
4,208	3,638	Core Crown	3,989	3,788	(201)	(5.3)	4,045
2,076	1,910	Crown entities	1,952	2,000	48	2.4	1,996
1,177	1,086	State-owned Enterprises	1,081	954	(127)	(13.3)	996
(506)	(513)	Inter-segment eliminations	(688)	(649)	39	6.0	(602)
6,955	6,121	Total provisions	6,334	6,093	(241)	(4.0)	6,435
1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 20: Changes in Net Worth							
13,300	13,986	Taxpayers' funds	11,103	14,090	(2,987)	(21.2)	15,271
62,225	56,685	Property, plant and equipment revaluation reserve	62,178	62,195	(17)	-	62,153
5,211	4,468	Net worth attributable to minority interests	5,167	5,227	(60)	(1.1)	5,184
43	(44)	Other reserves	(6)	(45)	39	86.7	(48)
80,779	75,095	Total Net Worth	78,442	81,467	(3,025)	(3.7)	82,560
10,862	10,862	Opening taxpayers funds	13,300	13,300	-	-	13,300
2,808	3,372	Operating balance excluding minority interests	(2,279)	724	(3,003)	(414.8)	1,900
(577)	(361)	Gain/(loss) on Government share offers in state-owned enterprises	-	-	-	-	-
207	113	Transfers from/(to) other reserves	82	66	16	24.2	71
13,300	13,986	Closing taxpayers funds	11,103	14,090	(2,987)	(21.2)	15,271
57,068	57,068	Opening property, plant and equipment revaluation reserve	62,225	62,225	-	-	62,225
5,386	(348)	Net revaluations	(10)	(10)	-	-	(21)
(229)	(35)	Transfers from/(to) other reserves	(37)	(20)	(17)	(85.0)	(51)
62,225	56,685	Closing property, plant and equipment revaluation reserve	62,178	62,195	(17)	-	62,153
1,940	1,940	Opening net worth attributable to minority interests	5,211	5,211	-	-	5,211
3,271	2,528	Net movements	(44)	16	(60)	(375.0)	(27)
5,211	4,468	Closing net worth attributable to minority interest:	5,167	5,227	(60)	(1.1)	5,184
141	141	Opening other reserves	43	43	-	-	43
(98)	(185)	Net movements	(49)	(88)	39	44.3	(91)
43	(44)	Closing other reserves	(6)	(45)	39	86.7	(48)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 \$m	7 months to 31 Jan 2014 \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 21: Core Crown Residual Cash						
Core Crown Cash Flows from Operations						
61,321	34,633	37,861	37,196	665	1.8	65,447
747	430	639	448	191	42.6	788
1,627	1,005	1,088	1,086	2	0.2	1,678
2,397	1,232	1,275	1,348	(73)	(5.4)	2,232
(23,447)	(14,100)	(14,010)	(14,037)	27	0.2	(24,015)
(41,989)	(25,347)	(25,370)	(25,470)	100	0.4	(43,011)
(3,642)	(1,797)	(1,956)	(1,984)	28	1.4	(3,906)
-	-	-	-	-	-	(123)
-	-	-	333	(333)	(100.0)	950
(2,986)	(3,944)	(473)	(1,080)	607	56.2	40
(1,867)	(1,075)	(1,116)	(1,406)	290	20.6	(2,588)
(716)	(35)	20	(29)	49	167.9	(890)
(865)	(656)	(829)	(847)	18	2.1	(1,661)
2,325	1,598	-	-	-	-	628
-	-	-	-	-	-	(113)
-	-	-	201	(201)	(100.0)	575
(1,123)	(168)	(1,925)	(2,081)	156	7.5	(4,049)
(4,109)	(4,112)	(2,398)	(3,161)	763	24.1	(4,009)
<i>The residual cash deficit is funded as follows:</i>						
Debt Programme Cash Flows						
Market:						
7,716	5,875	5,877	5,953	(76)	(1.3)	8,137
(2,196)	-	(1,523)	(1,523)	-	-	(8,684)
(935)	(715)	155	470	(315)	(67.0)	1,180
4,585	5,160	4,509	4,900	(391)	(8.0)	633
Non market:						
-	-	-	-	-	-	-
-	-	(293)	(348)	55	15.7	(760)
-	-	(280)	(280)	-	-	(480)
-	-	(573)	(628)	55	8.7	(1,240)
4,585	5,160	3,936	4,272	(336)	(7.9)	(607)
Other Borrowing Cash Flows						
(674)	(760)	1,432	219	1,213	-	852
1,083	216	(1,126)	(995)	(131)	(13.2)	(1,523)
409	(544)	306	(776)	1,082	(13.2)	(671)
Investing Cash Flows						
(1,510)	(2,768)	(1,281)	(263)	(1,018)	(387.9)	4,731
274	382	444	214	230	107.5	130
351	1,882	(1,007)	(286)	(721)	(252.1)	426
(885)	(504)	(1,844)	(335)	(1,509)	(451.2)	5,287
4,109	4,112	2,398	3,161	(763)	(24.1)	4,009

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