

(Treasury, 2000: 21–59)

Financial  
Statements of the  
Government of  
New Zealand

*For the Year Ended  
30 June 2000*

Released 14 September 2000



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*Prepared and furnished to the House of Representatives in  
accordance with Part III of the Public Finance Act 1989*

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## Statement of Responsibility

These Financial Statements have been prepared by the Treasury in accordance with the provisions of the Public Finance Act 1989. The Financial Statements comply with generally accepted accounting practice.

The Treasury is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Crown. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

Dr A E Bollard  
Secretary to the Treasury  
8 September 2000

I accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the Public Finance Act 1989.

In my opinion, these Financial Statements fairly reflect the financial position of the Crown as at 30 June 2000 and its operations for the year ended on that date.

Hon Dr Michael Cullen  
Treasurer and Minister of Finance  
8 September 2000



# FINANCIAL STATEMENTS

**Statement of Financial Performance**  
(for the year ended 30 June 2000)

<i>Forecast</i>			<i>Actual</i>	
1999	Estimated		30 June	30 June
Budget	Actual		2000	1999
\$m	\$m		\$m	\$m
		<b>Revenue</b>		
		<b>Levied through the Crown's Sovereign Power</b>		
21,368	21,522	Direct taxation	1 21,499	20,289
12,197	12,363	Indirect taxation	2 12,536	11,867
33,565	33,885	Total taxation revenue	34,035	32,156
287	341	Compulsory fees, fines, penalties and levies	376	300
<b>33,852</b>	<b>34,226</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>	<b>34,411</b>	<b>32,456</b>
		<b>Earned through the Crown's Operations</b>		
927	1,141	Investment income	3 1,157	2,901
670	637	Sales of goods and services	641	683
292	316	Other operational revenue	4 343	401
-	-	Unrealised losses arising from revaluations of commercial forests	(26)	(84)
<b>1,889</b>	<b>2,094</b>	<b>Total Revenue Earned through the Crown's Operations</b>	<b>2,115</b>	<b>3,901</b>
<b>35,741</b>	<b>36,320</b>	<b>Total Revenue</b>	<b>36,526</b>	<b>36,357</b>
		<b>Expenses</b>		
		<b>By functional classification</b>		
13,027	12,943	Social security and welfare	12,896	12,906
654	500	GSF pension expenses	478	1,132
6,822	6,873	Health	6,874	6,573
6,238	6,445	Education	6,310	5,899
1,682	1,680	Core government services	1,710	1,705
1,448	1,534	Law and order	1,531	1,499
1,135	1,242	Defence	1,247	1,030
1,027	1,073	Transport and communications	1,036	1,029
809	975	Economic and industrial services	944	858
375	459	Heritage, culture and recreation	456	316
300	266	Primary services	265	334
48	69	Housing and community development	68	41
149	46	Other	45	34
2,294	2,381	Finance costs	5 2,373	2,516
-	(58)	Net foreign-exchange gains	(62)	(47)
250	-	Provision for future initiatives	-	-
100	-	Contingency expense provision	-	-
<b>36,358</b>	<b>36,428</b>	<b>Total Expenses</b>	<b>36,171</b>	<b>35,825</b>
<b>(617)</b>	<b>(108)</b>	<b>Revenue less Expenses</b>	<b>355</b>	<b>532</b>
		Surplus of SOEs and Crown entities		
861	987	excluding ACC outstanding claims liability	1,013	1,789
-	340	ACC outstanding claims liability revaluation	519	-
(280)	(456)	Distributions and other dividends	(438)	(544)
<b>581</b>	<b>871</b>	<b>Net surplus of SOEs and Crown entities</b>	<b>1,094</b>	<b>1,245</b>
<b>(36)</b>	<b>763</b>	<b>Operating Balance</b>	<b>1,449</b>	<b>1,777</b>

The accompanying Notes are an integral part of these Statements.

**Statement of Financial Position**  
(as at 30 June 2000)

<i>Forecast</i>			<i>Actual</i>	
1999 Budget	Estimated Actual		30 June 2000	30 June 1999
\$m	\$m	Note	\$m	\$m
<b>Assets</b>				
106	29		210	230
8,084	10,492	6	10,440	11,153
4,299	3,997	7	3,995	3,628
5,013	5,382	8	5,520	5,250
316	274		274	321
12,964	13,980	9	14,392	12,917
195	357	10	338	270
15,595	15,694	11	15,972	15,258
500	395	12	369	422
8,533	8,857	13	8,911	8,770
3	2		2	4
<b>55,608</b>	<b>59,459</b>		<b>60,423</b>	<b>58,223</b>
<b>Liabilities</b>				
4,204	5,210	14	5,240	5,005
2,023	2,252		2,236	1,960
36,096	36,337		36,041	36,712
7,865	8,356	15	8,323	8,524
<b>50,188</b>	<b>52,155</b>		<b>51,840</b>	<b>52,201</b>
<b>5,420</b>	<b>7,304</b>		<b>8,583</b>	<b>6,022</b>
<b>Crown Balance</b>				
(1,631)	(393)	16	382	(1,197)
7,051	7,697		8,201	7,219
<b>5,420</b>	<b>7,304</b>		<b>8,583</b>	<b>6,022</b>

The accompanying Notes are an integral part of these Statements.

**Statement of Movements in Equity  
(for the year ended 30 June 2000)**

<i>Forecast</i>			<i>Actual</i>	
1999 Budget	Estimated Actual		30 June 2000	30 June 1999
\$m	\$m	Note	\$m	\$m
5,456	6,022		6,022	9,921
(36)	763		1,449	1,777
-	519	16	1,112	466
(36)	1,282		2,561	2,243
-	-		-	(6,142)
5,420	7,304	16	8,583	6,022

*The accompanying Notes are an integral part of these Statements.*



**Statement of Cash Flows**  
(for the year ended 30 June 2000)

<i>Forecast</i>				<i>Actual</i>	
1999 Budget \$m	Estimated Actual \$m			30 June 2000 \$m	30 June 1999 \$m
<b>Cash Flows from Operations</b>					
<b>Cash was Provided From</b>					
<i>Direct Taxation</i>					
<b>Individuals</b>					
12,859	12,943	Source deductions		12,920	12,328
3,442	3,557	Other persons		3,553	3,566
(1,023)	(1,124)	Refunds		(1,043)	(1,189)
345	302	Fringe benefit tax		306	329
<b>15,623</b>	<b>15,678</b>	<b>Total Individuals</b>		<b>15,736</b>	<b>15,034</b>
<b>Companies</b>					
4,906	4,762	Gross companies		4,726	4,467
(551)	(575)	Refunds		(618)	(646)
<b>4,355</b>	<b>4,187</b>	<b>Total Companies</b>		<b>4,108</b>	<b>3,821</b>
1,388	1,550	Withholding taxes		1,566	1,654
2	2	Other direct taxation		1	2
<b>21,368</b>	<b>21,417</b>	<b>Total Direct Taxation</b>		<b>21,411</b>	<b>20,511</b>
<i>Indirect Taxation</i>					
<b>Goods and Services Tax</b>					
12,996	13,470	Gross goods and services tax		13,664	12,628
(4,402)	(4,706)	Refunds		(4,852)	(4,194)
<b>8,594</b>	<b>8,764</b>	<b>Total Goods and Services Tax</b>		<b>8,812</b>	<b>8,434</b>
2,004	1,909	Excise duties		2,014	1,864
1,560	1,629	Other indirect taxation		1,627	1,575
<b>12,158</b>	<b>12,302</b>	<b>Total Indirect Taxation</b>		<b>12,453</b>	<b>11,873</b>
<b>33,526</b>	<b>33,719</b>	<b>Total Taxation Receipts</b>		<b>33,864</b>	<b>32,384</b>
<b>263</b>	<b>283</b>	<b>Compulsory Fees, Fines, Penalties and Levies</b>		<b>308</b>	<b>251</b>
<b>Other Receipts</b>					
742	973	Interest, profits and dividends		1,070	1,034
631	616	Sales of goods and services		621	642
326	326	Other operating receipts		341	372
<b>1,699</b>	<b>1,915</b>	<b>Total Other Receipts</b>		<b>2,032</b>	<b>2,048</b>
<b>35,488</b>	<b>35,917</b>	<b>Total Cash Provided from Operations</b>		<b>36,204</b>	<b>34,683</b>
<b>Cash was Disbursed To</b>					
4,578	4,426	Departmental outputs		4,447	4,536
15,085	15,270	Other outputs		15,303	14,402
2,387	2,458	Finance costs		2,507	2,398
156	163	Subsidies		131	134
<b>Current transfers</b>					
12,841	12,734	Social assistance grants		12,615	12,601
231	241	Other transfers		238	220
250	-	Provision for future initiatives		-	-
100	-	Contingency expense provision		-	-
<b>35,628</b>	<b>35,292</b>	<b>Total Cash Disbursed to Operations</b>		<b>35,241</b>	<b>34,291</b>
<b>(140)</b>	<b>625</b>	<b>Net Cash Flows from Operations</b>		<b>963</b>	<b>392</b>

The accompanying Notes are an integral part of these Statements.

**Statement of Cash Flows (continued)**  
**(for the year ended 30 June 2000)**

<i>Forecast</i>			<i>Actual</i>	
1999 Budget	Estimated Actual		30 June 2000	30 June 1999
\$m	\$m		\$m	\$m
(140)	625	<b>Subtotal (brought forward)</b>	963	392
<b>Cash Flows from Investing Activities</b>				
<b>Cash was Provided From</b>				
(271)	(130)	Net (purchase)/sale of investments	(130)	2,738
1,715	1,218	Net sale/(purchase) of marketable securities and deposits	1,983	(1,184)
150	269	Sale of physical assets	250	239
<b>1,594</b>	<b>1,357</b>	<b>Total Cash Provided</b>	<b>2,103</b>	<b>1,793</b>
<b>Cash was Disbursed To</b>				
314	297	Net increase in advances	309	179
1,240	1,187	Purchase of physical assets	1,160	1,142
<b>1,554</b>	<b>1,484</b>	<b>Total Cash Disbursed</b>	<b>1,469</b>	<b>1,321</b>
<b>40</b>	<b>(127)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>634</b>	<b>472</b>
<b>(100)</b>	<b>498</b>	<b>Net Cash Flows from Operating and Investing Activities</b>	<b>1,597</b>	<b>864</b>
<b>Cash Flows from Financing Activities</b>				
<b>Cash was Provided From</b>				
-	292	Issue of circulating currency	275	151
3,077	2,800	Issue of Government stock	2,867	4,756
335	-	Other New Zealand-dollar borrowing <sup>1</sup>	453	1,124
-	283	Borrowing in foreign currencies <sup>1</sup>	1,683	2,703
<b>3,412</b>	<b>3,375</b>	<b>Total Cash Provided</b>	<b>5,278</b>	<b>8,734</b>
<b>Cash was Disbursed To</b>				
3,305	3,305	Repayment of Government stock	3,305	1,882
-	776	Repayment of other New Zealand-dollar borrowing <sup>1</sup>	1,280	3,915
36	-	Repayment of foreign-currency borrowing <sup>1</sup>	2,318	3,763
<b>3,341</b>	<b>4,081</b>	<b>Total Cash Disbursed</b>	<b>6,903</b>	<b>9,560</b>
<b>71</b>	<b>(706)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(1,625)</b>	<b>(826)</b>
<b>(29)</b>	<b>(208)</b>	<b>Net Movement in Cash</b>	<b>(28)</b>	<b>38</b>
135	230	<b>Opening Cash Balance</b>	230	171
-	7	Foreign-exchange gains on opening cash	8	21
<b>106</b>	<b>29</b>	<b>Closing Cash Balance</b>	<b>210</b>	<b>230</b>

<sup>1</sup> Issues and repayments of other New Zealand-dollar borrowing and foreign-currency borrowing are forecast on a net basis. Actual issues and repayments are reported on a gross basis.

*The accompanying Notes are an integral part of these Statements.*

**Statement of Cash Flows (continued)**  
**(for the year ended 30 June 2000)**

<i>Forecast</i>				<i>Actual</i>	
1999 Budget \$m	Estimated Actual \$m			30 June 2000 \$m	30 June 1999 \$m
<b>Reconciliation Between the Operating Balance and Net Cash Flows from Operations</b>					
(36)	763	<b>Operating Balance</b>		1,449	1,777
<i>Items included in the operating balance but not in net cash flows from operations</i>					
<b>Valuation Changes</b>					
-	-	Revaluation of commercial forests		26	84
-	(82)	Unrealised net foreign-exchange gains		(92)	(44)
-	(82)	<b>Total Valuation Changes</b>		(66)	40
<b>Physical Asset Movements</b>					
833	805	Depreciation		791	765
-	(13)	(Gain)/loss on sale of physical assets		(7)	26
833	792	<b>Total Physical Asset Movements</b>		784	791
<b>Other Non-cash Items</b>					
(581)	(871)	Net surplus of SOEs and Crown entities		(1,094)	(1,245)
-	-	Gain on sale of Contact Energy Limited and Airport companies		-	(1,625)
-	(14)	Gain on sale of Vehicle Testing New Zealand Limited		(14)	-
(13)	(168)	(Decrease)/increase in pension liabilities		(201)	429
(29)	122	Other		208	5
(623)	(931)	<b>Total Other Non-cash Items</b>		(1,101)	(2,436)
(13)	(31)	<b>Total Other Investing and Financing Items</b>		(36)	69
<b>Movements in Working Capital<sup>1</sup></b>					
(55)	(197)	Increase in taxes receivable		(164)	(135)
106	25	(Increase)/decrease in other receivables		(168)	(75)
(2)	47	Decrease/(increase) in inventories		47	(19)
(350)	239	Increase/(decrease) in payables		218	380
(301)	114	<b>Total Movements in Working Capital</b>		(67)	151
(140)	625	<b>Net Cash Flows from Operations</b>		963	392

<sup>1</sup> Only movements in working capital resulting from operations are included.

*The accompanying Notes are an integral part of these Statements.*

**Statement of Cash Flows (continued)**  
**(for the year ended 30 June 2000)**

<i>Forecast</i>			<i>Actual</i>	
1999	Estimated		30 June	30 June
Budget	Actual		2000	1999
\$m	\$m		\$m	\$m
<b>Reconciliation of Net Cash Flows from Operations with Net Cash Proceeds from Domestic Bonds</b>				
(140)	625	<b>Net Cash Flows from Operations</b>	963	392
<b>Investing Flows</b>				
<i>Net advances</i>				
(23)	4	Housing Corporation of New Zealand	4	212
101	101	Contact Energy Limited	101	11
(565)	(546)	Student loans	(528)	(470)
-	(38)	Solid Energy New Zealand Limited	(40)	-
38	52	Residual Health Management Unit	47	43
135	130	Other	107	25
<b>(314)</b>	<b>(297)</b>	<b>Total Net Advances</b>	<b>(309)</b>	<b>(179)</b>
<b>(1,090)</b>	<b>(918)</b>	<b>Net purchase of physical assets</b>	<b>(910)</b>	<b>(903)</b>
<i>Net investments</i>				
-	2	Contact Energy Limited	2	2,331
(185)	(28)	At Work Insurance	(29)	-
-	19	Vehicle Testing New Zealand Limited	19	-
-	-	Auckland and Wellington Airport companies	-	487
(178)	(66)	Hospital and health services	(46)	(45)
92	(57)	Other	(76)	(35)
<b>(271)</b>	<b>(130)</b>	<b>Net (purchase)/sale of investments</b>	<b>(130)</b>	<b>2,738</b>
<b>(1,815)</b>	<b>(720)</b>	<b>(Required to be financed)/ Available for debt repayment</b>	<b>(386)</b>	<b>2,048</b>
<i>Financed by:</i>				
1,715	1,218	Net sale/(purchase) of marketable securities and deposits	1,983	(1,184)
<b>(100)</b>	<b>498</b>	<b>Total Investing Activities</b>	<b>1,597</b>	<b>864</b>
<b>Used in:</b>				
335	(776)	Net (repayment)/issue of other New Zealand-dollar borrowing	(827)	(2,791)
(36)	283	Net (repayment)/issue of foreign-currency borrowing	(635)	(1,060)
29	208	Net outflow/(inflow) of cash	28	(38)
-	292	Issue of circulating currency	275	151
<b>328</b>	<b>7</b>		<b>(1,159)</b>	<b>(3,738)</b>
<b>Net Repayments of/(Cash Proceeds from)</b>				
<b>228</b>	<b>505</b>	<b>Domestic Bonds</b>	<b>438</b>	<b>(2,874)</b>

*The accompanying Notes are an integral part of these Statements.*

**Statement of Cash Flows (continued)**  
**(for the year ended 30 June 2000)**

<i>Forecast</i>			<i>Actual</i>	
1999 Budget	Estimated Actual		30 June 2000	30 June 1999
\$m	\$m		\$m	\$m
		<b>Net Repayments of/(Cash Proceeds from)</b>		
<b>228</b>	<b>505</b>	<b>Domestic Bonds (brought forward)</b>	<b>438</b>	<b>(2,874)</b>
		<b>Gross Cash Proceeds from Domestic Bonds</b>		
2,783	1,914	Domestic bonds (market)	1,924	3,450
294	546	Domestic Bonds (non market)	598	977
-	340	Inflation bonds	345	329
<b>3,077</b>	<b>2,800</b>	<b>Total Gross Cash Proceeds from Domestic Bonds</b>	<b>2,867</b>	<b>4,756</b>
(3,011)	(3,011)	Repayment of domestic bonds (market)	(3,011)	(1,782)
(294)	(294)	Repayment of domestic bonds (non market)	(294)	(100)
<b>(228)</b>	<b>(505)</b>	<b>Net (Repayments of)/Cash Proceeds from Domestic Bonds</b>	<b>(438)</b>	<b>2,874</b>

*The accompanying Notes are an integral part of these Statements.*

**Statement of Borrowings**  
**Analysis as at 30 June 2000 – Book Values**

<i>Forecast</i>			<i>Actual</i>	
1999	Estimated		30 June	30 June
Budget	Actual		2000	1999
\$m	\$m		\$m	\$m
<b>Outstanding Debt</b>				
<b>New Zealand-Dollar Debt</b>				
22,490	22,108	Government stock	22,239	22,701
6,477	5,412	Treasury bills	5,370	5,881
172	259	Loans and foreign-exchange contracts	230	299
490	485	Retail stock	474	729
<b>29,629</b>	<b>28,264</b>	<b>Total New Zealand-Dollar Debt</b>	<b>28,313</b>	<b>29,610</b>
<b>Foreign-Currency Debt</b>				
2,852	4,990	United States dollars	4,329	3,565
1,764	1,816	Japanese yen	2,054	1,706
1,851	1,267	European and other currencies	1,345	1,831
<b>6,467</b>	<b>8,073</b>	<b>Total Foreign-Currency Debt</b>	<b>7,728</b>	<b>7,102</b>
<b>36,096</b>	<b>36,337</b>	<b>Total Outstanding Debt</b>	<b>36,041</b>	<b>36,712</b>
<b>Less</b>				
<b>Financial Assets</b>				
<b>Marketable Securities and Deposits<sup>1</sup></b>				
1,016	1,952	New Zealand dollars	2,324	3,601
2,876	5,450	United States dollars	4,467	3,857
2,356	1,816	Japanese yen	2,277	1,827
1,836	1,274	European and other currencies	1,372	1,868
<b>8,084</b>	<b>10,492</b>	<b>Total Marketable Securities and Deposits</b>	<b>10,440</b>	<b>11,153</b>
<b>Advances and Cash</b>				
Advances to state-owned enterprises and				
367	277	Crown entities	259	299
3,703	3,506	Student loans	3,523	3,002
229	214	Other advances	213	327
106	29	Cash	210	230
<b>4,405</b>	<b>4,026</b>	<b>Total Advances and Cash</b>	<b>4,205</b>	<b>3,858</b>
<b>12,489</b>	<b>14,518</b>	<b>Total Financial Assets</b>	<b>14,645</b>	<b>15,011</b>
<b>23,607</b>	<b>21,819</b>	<b>Net Crown Debt</b>	<b>21,396</b>	<b>21,701</b>
24,208	22,286	Net New Zealand-dollar debt	21,870	22,309
(601)	(467)	Net foreign-currency debt	(474)	(608)
<b>23,607</b>	<b>21,819</b>	<b>Net Crown Debt</b>	<b>21,396</b>	<b>21,701</b>

<sup>1</sup> As at 30 June 2000 foreign currency securities with a face value of \$1,779 million (30 June 1999: \$1,945 million) had been transferred to counterparties as security for borrowings.

*The accompanying Notes are an integral part of these Statements.*

**Statement of Borrowings (continued)**  
**Analysis as at 30 June 2000 – Nominal and Current Market Values**

	30 June 2000		30 June 1999	
	Nominal value \$m	Current market value \$m	Nominal value \$m	Current market value \$m
<b>Outstanding Debt</b>				
<b>New Zealand-Dollar Debt</b>				
Government stock	22,191	22,486	22,460	23,445
Treasury bills	5,500	5,368	5,980	5,879
Loans and foreign-exchange contracts	231	237	301	316
Retail stock	474	473	729	737
<b>Total New Zealand-Dollar Debt</b>	<b>28,396</b>	<b>28,564</b>	<b>29,470</b>	<b>30,377</b>
<b>Foreign-Currency Debt</b>				
United States dollars	4,494	4,479	3,706	3,739
Japanese yen	2,153	2,271	1,796	1,915
European and other currencies	1,366	1,364	1,852	1,865
<b>Total Foreign-Currency Debt</b>	<b>8,013</b>	<b>8,114</b>	<b>7,354</b>	<b>7,519</b>
<b>Total Outstanding Debt</b>	<b>36,409</b>	<b>36,678</b>	<b>36,824</b>	<b>37,896</b>
<b>Marketable Securities and Deposits</b>				
New Zealand dollars	2,293	2,241	3,601	3,601
United States dollars	4,434	4,517	3,787	3,851
Japanese yen	2,124	2,285	1,675	1,834
European and other currencies	1,356	1,377	1,814	1,870
<b>Total Marketable Securities and Deposits</b>	<b>10,207</b>	<b>10,420</b>	<b>10,877</b>	<b>11,156</b>

The current market value has been determined using the present value of cash flows discounted at a rate derived from a market yield curve.

*The accompanying Notes are an integral part of these Statements.*

**Statement of Borrowings (continued)**  
**Maturity Profile as at 30 June 2000 – Book Values**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06- 2009/10	2010/11 and after	Total book value
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Outstanding Debt</b>								
<b>New Zealand-Dollar Debt</b>								
Government stock	3,174	2,994	2,573	3,619	-	6,855	3,024	22,239
Treasury bills	5,370	-	-	-	-	-	-	5,370
Loans and foreign-exchange contracts	80	71	50	5	18	6	-	230
Retail stock	301	111	35	27	-	-	-	474
<b>Total New Zealand-Dollar Debt</b>	<b>8,925</b>	<b>3,176</b>	<b>2,658</b>	<b>3,651</b>	<b>18</b>	<b>6,861</b>	<b>3,024</b>	<b>28,313</b>
<b>Foreign-Currency Debt</b>								
United States dollars	2,403	-	88	641	-	638	559	4,329
Japanese yen	125	818	390	-	593	-	128	2,054
European and other currencies	1,096	-	-	-	-	239	10	1,345
<b>Total Foreign-Currency Debt</b>	<b>3,624</b>	<b>818</b>	<b>478</b>	<b>641</b>	<b>593</b>	<b>877</b>	<b>697</b>	<b>7,728</b>
<b>Total Outstanding Debt</b>	<b>12,549</b>	<b>3,994</b>	<b>3,136</b>	<b>4,292</b>	<b>611</b>	<b>7,738</b>	<b>3,721</b>	<b>36,041</b>
<b>Marketable Securities and Deposits</b>								
New Zealand dollars	2,145	61	31	25	14	48	-	2,324
United States dollars	3,220	226	79	(6)	221	606	121	4,467
Japanese yen	604	516	384	190	318	251	14	2,277
European and other currencies	1,127	130	24	3	8	58	22	1,372
<b>Total Marketable Securities and Deposits</b>	<b>7,096</b>	<b>933</b>	<b>518</b>	<b>212</b>	<b>561</b>	<b>963</b>	<b>157</b>	<b>10,440</b>

The maturities of marketable securities and deposits in this Statement are based on the contractual maturity dates.

*The accompanying Notes are an integral part of these Statements.*



**Statement of Borrowings (continued)**  
**Movements during the year ended 30 June 2000**

	As at 1 July 1999 \$m	Increases/ Additions \$m	Decreases/ Disposals/ Repayments \$m	Foreign Exchange Contracts \$m	Currency Realignment \$m	Unamortised premiums/ discounts \$m	As at 30 June 2000 \$m
<b>Outstanding Debt</b>							
<i>By Type</i>							
<b>New Zealand-Dollar Debt</b>							
Government stock	22,701	3,099	(3,305)	-	-	(256)	22,239
Treasury bills	5,881	-	(481)	-	-	(30)	5,370
Loans and foreign-exchange contracts	299	-	(70)	-	-	1	230
Retail stock	729	363	(618)	-	-	-	474
<b>Total New Zealand-Dollar Debt</b>	<b>29,610</b>	<b>3,462</b>	<b>(4,474)</b>	<b>-</b>	<b>-</b>	<b>(285)</b>	<b>28,313</b>
<b>Foreign Currency-Debt</b>							
United States dollars	3,565	1,523	(895)	(224)	383	(23)	4,329
Japanese yen	1,706	142	(248)	-	463	(9)	2,054
European and other currencies	1,831	363	(1,164)	215	100	-	1,345
<b>Total Foreign-Currency Debt</b>	<b>7,102</b>	<b>2,028</b>	<b>(2,307)</b>	<b>(9)</b>	<b>946</b>	<b>(32)</b>	<b>7,728</b>
<b>Total Outstanding Debt</b>	<b>36,712</b>	<b>5,490</b>	<b>(6,781)</b>	<b>(9)</b>	<b>946</b>	<b>(317)</b>	<b>36,041</b>
<b>Less</b>							
<i>Financial Assets</i>							
<b>Marketable Securities and Deposits</b>							
New Zealand dollars	3,601	2	(1,430)	154	-	(3)	2,324
United States dollars	3,857	56,219	(56,565)	(98)	863	191	4,467
Japanese yen	1,827	2,097	(1,732)	(84)	164	5	2,277
European and other currencies	1,868	636	(1,291)	31	136	(8)	1,372
<b>Total Marketable Securities and Deposits</b>	<b>11,153</b>	<b>58,954</b>	<b>(61,018)</b>	<b>3</b>	<b>1,163</b>	<b>185</b>	<b>10,440</b>
<b>Advances and Cash</b>	<b>3,858</b>	<b>1,003</b>	<b>(656)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,205</b>
<b>Total Financial Assets</b>	<b>15,011</b>	<b>59,957</b>	<b>(61,674)</b>	<b>3</b>	<b>1,163</b>	<b>185</b>	<b>14,645</b>
<b>Net Crown Debt</b>	<b>21,701</b>	<b>(54,467)</b>	<b>54,893</b>	<b>(12)</b>	<b>(217)</b>	<b>(502)</b>	<b>21,396</b>

*The accompanying Notes are an integral part of these Statements.*

**Statement of Commitments**  
(as at 30 June 2000)

	As at 30 June 2000 \$m	As at 30 June 1999 \$m
<b>By Type</b>		
<b>Capital Commitments</b>		
Specialist military equipment	321	361
Land and buildings	87	125
Other plant and equipment	63	32
Investments	17	232
State-owned enterprises and Crown entities	1,016	1,207
<b>Total Capital Commitments</b>	<b>1,504</b>	<b>1,957</b>
<b>Operating Commitments</b>		
Non-cancellable accommodation leases	789	638
Other non-cancellable leases	1,858	2,443
Non-cancellable contracts for the supply of goods and services	432	454
Other operating commitments	1,071	909
State-owned enterprises and Crown entities	2,713	2,516
<b>Total Operating Commitments</b>	<b>6,863</b>	<b>6,960</b>
<b>Total Commitments</b>	<b>8,367</b>	<b>8,917</b>

**By Term**

<b>Capital Commitments</b>		
One year or less	1,187	1,511
From one year to two years	205	246
From two to five years	75	186
Over five years	37	14
<b>Total Capital Commitments</b>	<b>1,504</b>	<b>1,957</b>
<b>Operating Commitments</b>		
One year or less	2,379	2,136
From one year to two years	1,057	966
From two to five years	1,359	1,293
Over five years	2,068	2,565
<b>Total Operating Commitments</b>	<b>6,863</b>	<b>6,960</b>
<b>Total Commitments</b>	<b>8,367</b>	<b>8,917</b>

Commitments of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in the Statement of Commitments.

Commitments to state-owned enterprises and Crown entities are excluded.

*The accompanying Notes are an integral part of these Statements.*

## Quantifiable Contingent Liabilities

	30 June 2000 \$m	30 June 1999 \$m
Guarantees and indemnities	592	541
Uncalled capital	3,210	2,820
Legal proceedings and disputes	542	464
Other contingent liabilities	1,983	1,610
<b>Total Quantifiable Contingent Liabilities</b>	<b>6,327</b>	<b>5,435</b>

Contingent liabilities of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in the Statement of Contingent Liabilities. Contingent Liabilities to state-owned enterprises and Crown entities are excluded.

The accompanying Notes are an integral part of these Statements.

### ***Guarantees and indemnities***

#### *Cook Islands - Asian Development Bank (ADB) Loans*

Before 1992, the New Zealand Government guaranteed the Cook Islands' borrowing from the ADB. These guarantees have first call on New Zealand's Official Development Assistance to the Cook Islands.

\$24 million at 30 June 2000 (\$22 million at 30 June 1999).

#### *Huntly East mine subsidence*

For claims from private landowners concerning property damage or loss of value.

\$22 million at 30 June 2000 (\$25 million at 30 June 1999).

#### *Indemnification of touring exhibitions*

The Crown has a contingent liability for damages or losses under the scheme for indemnifying touring exhibitions. The contingent liability took effect in June 2000 and expires in October 2000.

\$225 million at 30 June 2000 (\$64 million at 30 June 1999).

#### *Post Office Bank (PostBank) - guaranteed deposits*

In the sale of PostBank to ANZ Banking Group Limited (ANZ), the Crown agreed to continue its guarantee, under the Post Office Bank Act 1987, for certain PostBank deposits lodged with the Bank before 1 July 1988. ANZ agreed to indemnify the Crown for the cost of any liability that may arise from the Crown guarantee. The amount guaranteed reduces as deposits mature.

\$19 million at 30 June 2000 (\$23 million at 30 June 1999).

*Guarantees and indemnities of state-owned enterprises and Crown entities*

\$273 million at 30 June 2000 (\$257 million at 30 June 1999).

*Other guarantees and indemnities*

\$29 million at 30 June 2000 (\$150 million at 30 June 1999).

***Uncalled capital***

The Crown's uncalled capital subscriptions are as follows:	<b>Uncalled Capital at 30 June 2000 \$m</b>	<b>Uncalled Capital at 30 June 1999 \$m</b>
Asian Development Bank	1,443	1,271
European Bank for Reconstruction and Development	14	14
International Bank for Reconstruction and Development	1,753	1,535

***Legal proceedings and disputes***

The amounts under quantifiable contingent liabilities for legal proceedings and disputes are shown exclusive of any interest and costs that may be claimed if these cases were decided against the Crown.

*Agriculture and Forestry - legal claims*

For claims against the Ministry of Agriculture and Forestry for alleged legal or administrative faults.

\$24 million at 30 June 2000 (\$24 million at 30 June 1999).

*Education – legal claims*

For claims against the Crown in respect of the reduction of dental subsidies.

\$10 million at 30 June 2000 (Nil at 30 June 1999).

*Health - Lake Alice claims*

For claims against the Crown in respect of patients at Lake Alice Hospital in the early to mid-1970s.

\$132 million at 30 June 2000 (\$132 million at 30 June 1999).

*Māori Reserved Land*

The Māori Reserved Land Amendment Act 1997 provides for compensation to lessees for the move to market rents for land, for shorter review periods and for additional transaction costs. In addition, Schedule 5 to the Act recognises that Māori have not been obtaining fair market rents for their land and that this issue will be dealt with by the Government as part of its consideration of historical grievances.

\$96 million at 30 June 2000 (Nil at 30 June 1999).

*New Zealand Defence Force – legal claims*

Claims against the New Zealand Defence Force for alleged legal or administrative faults.

\$15 million at 30 June 2000 (\$15 million at 30 June 1999).

*Police - legal claims*

Claims against the Police for alleged legal or administrative faults.

\$48 million at 30 June 2000 (\$82 million at 30 June 1999).

*Tax in dispute*

Represents 50% of the outstanding debt of those tax assessments raised, against which an objection has been lodged and legal action is proceeding.

\$107 million at 30 June 2000 (\$111 million at 30 June 1999).

*Legal claims against state-owned enterprises and Crown entities*

\$63 million at 30 June 2000 (\$30 million at 30 June 1999).

*Other legal claims*

\$47 million at 30 June 2000 (\$70 million at 30 June 1999).

**Other quantifiable contingent liabilities**

*Health - other contingent liabilities*

For claims against the Crown in respect of people allegedly contracting Hepatitis C through contaminated blood and blood products, and other personal injury claims.

\$87 million at 30 June 2000 (\$81 million at 30 June 1999).

*Reserve Bank - demonetised currency*

The Crown has a contingent liability for the face value of the demonetised \$1 and \$2 notes issued which have yet to be repatriated.

\$23 million at 30 June 2000 (\$23 million at 30 June 1999).

*International finance organisations*

The Crown has lodged promissory notes with the following international finance organisations:

	30 June 2000 \$m	30 June 1999 \$m
International Bank for Reconstruction and Development	Nil	66
International Monetary Fund	1,754	1,348

Payment of the notes depends upon the operation of the rules of the individual organisations.

*Other quantifiable contingent liabilities against state-owned enterprises and Crown entities*

\$57 million at 30 June 2000 (\$8 million at 30 June 1999).

*Other quantifiable contingent liabilities*

\$62 million at 30 June 2000 (\$84 million at 30 June 1999).

## **Non-Quantifiable Contingent Liabilities**

This part of the Statement provides details of those contingent liabilities of the Crown which cannot be quantified.

### ***Institutional guarantees***

The following institutional guarantees have been provided through legislation.

#### *Commerce Commission - indemnity for damages*

The Crown has granted the Commerce Commission an indemnity, under section 59 of the Public Finance Act 1989, to give undertakings as to damages when seeking interim injunctions up to a maximum liability of \$40 million per case.

#### *District Court Judges and Justices of the Peace*

Section 119 of the District Courts Act 1947 indemnifies District Court Judges acting in their civil jurisdiction. Section 196A of the Summary Proceedings Act 1957 also indemnifies District Court Judges for any liabilities arising as a result of an act done by a Judge in excess of, or without, jurisdiction. Under section 197 of the Summary Proceedings Act 1957, Justices of the Peace are similarly indemnified as long as a High Court Judge certifies that they have acted in good faith and ought to be excused.

#### *Earthquake Commission*

The Crown is liable to meet any deficiency in the Earthquake Commission's assets in meeting the Commission's liabilities (section 16 of the Earthquake Commission Act 1993).

#### *Fletcher Challenge Limited (FCL)*

Under the sale and purchase agreement for the sale of Forestry Corporation of New Zealand Limited, the Crown has indemnified FCL for the cost of cleaning up on-site environmental contamination incurred up to settlement date (27 September 1996). The Crown is to pay for half of any cost over \$30 million and for all costs over \$50 million. The on-site indemnity runs until 1 January 2020. The Crown has also indemnified FCL in respect of off-site environmental costs and losses incurred up until settlement date. The off-site indemnity is unlimited as to amount and time.

#### *Māori Trustee*

The Crown is liable to meet any deficiency in the Māori Trustee's Common Fund (section 27(1) of the Māori Trustee Act 1953).

### *National Provident Fund*

The Crown guarantees the benefits payable by all National Provident Fund Board schemes (section 60 of the National Provident Fund Restructuring Act 1990). The Crown also guarantees investments and interest thereon deposited with the National Provident Fund Board prior to 1 April 1991 (section 61 of the same Act).

A provision has been made in these Financial Statements in respect of the actuarially assessed deficit in the DBP (Annuitants') Scheme (refer Note 14).

### *Persons exercising investigating powers*

Section 63 of the Corporations (Investigation and Management) Act 1989 indemnifies the Securities Commission, the Registrar and Deputy Registrar of Companies, members of advising committees within the Act, every statutory manager of a corporation, and persons appointed pursuant to sections 17 to 19 of the Act, in the exercise of investigating powers, unless the power has been exercised in bad faith.

### *Public Trust Office*

The Crown is liable to meet any deficiency in the Public Trust Office's Common Fund (section 36 of the Public Trust Office Act 1957).

### *Reserve Bank of New Zealand (the Reserve Bank)*

Under section 146 of the Reserve Bank of New Zealand Act 1989, every statutory manager of a Registered Bank, every person appointed under section 99 or section 101 of the Act and every member of an advisory committee, shall be indemnified by the Crown in respect of any liability arising from the exercise, purported exercise or omission to exercise of any power conferred by Part V of the Act, unless that power has been exercised in bad faith.

The Government pays to the Reserve Bank any exchange losses incurred by the Reserve Bank as a result of dealing in foreign exchange under sections 17, 18 and 21(2) of the Act.

### ***Other non-quantifiable contingent liabilities***

#### *Alkylammonium compound compensation*

The Crown is liable, under an agreement with Carter Holt Harvey Limited, Thames Sawmilling Limited, Dashwood Treated Timber & Post Limited and McAlpines Limited, to meet 50% of settlement of claims relating to alkylammonium compound preservation of timber. The Crown is also liable for 50% of the costs of private claimants who cannot identify the timber treater and 100% of negotiated settlements of Prolog Industries Limited.

#### *Bank of New Zealand (BNZ)*

A deed, entered into by the Crown, Fay Richwhite and Company Limited and National Australia Group Limited (the purchaser of BNZ), provides for the sharing of certain costs arising from defined risks that pre-date the sale of the BNZ. These risks are associated with New Zealand taxation and specified litigation.

*Contact Energy Limited (Contact)*

The Deed of Assumption and Release between ECNZ, Contact and the Crown provides for compensation to Contact for any tax, levy, royalty or impost imposed on the company's use of water or geothermal energy for plants in existence or under construction at the date of the ECNZ Sale and Purchase Agreement (and which are not reflected in the increased prices of energy generally). It provides for compensation for any net costs to Contact arising from resumption of assets pursuant to the Treaty of Waitangi (State Enterprises) Act 1988. The Deed also provides that the Crown is no longer liable to ECNZ in respect of those assets transferred to Contact.

*Contaminated sites*

Under common law and various statutes, the Crown may have responsibility to remedy adverse effects on the environment arising from Crown activities. The 'Discussion Document on Contaminated Sites Management' discusses the possibility of the Crown contributing to funding the clean-up of 'orphan' contaminated sites.

*Crown research institutes (CRIs)*

The Crown has indemnified the CRIs for any costs arising from certain third-party claims that are the result of acts or omissions prior to the transfer date, for costs of complying with statutes, ordinances and bylaws which relate to or affect certain buildings, and (subject to certain limitations) for the costs of obtaining title to land.

*DFC New Zealand Ltd (under statutory management) (DFC)*

DFC and the National Provident Fund have been indemnified for certain potential tax liabilities.

*Electricity Corporation of New Zealand Limited (ECNZ)*

The ECNZ Sale and Purchase Agreement provides for compensation to ECNZ for any tax, levy, royalty or impost imposed on ECNZ for the use of water or geothermal energy for plants in existence or under construction at the date of the Sale and Purchase Agreement. The Agreement also provides for compensation for any net costs to the corporation arising from resumption of assets pursuant to the Treaty of Waitangi (State Enterprises) Act 1988.

Under the Trans Power New Zealand Limited (Trans Power) Sale and Purchase and Debt Assumption Agreements, the Crown has indemnified ECNZ for any losses resulting from changes in tax rules applicable to transactions listed in the agreements. Additionally, the Crown has indemnified the directors and officers of ECNZ for any liability they may incur in their personal capacities as a result of the Trans Power separation process.

In addition, the Crown has indemnified ECNZ in relation to all ECNZ's pre-split liabilities, including:

- existing debt and swap obligations;
- hedge contracts and obligations; and
- any liabilities that arise out of the split itself.



#### *Hospital and health services (HHS's)*

The Crown has provided transitional indemnities to directors and officers of some HHS's, for liabilities arising from inherited assets and business practices under the Building Act 1991 and the Health and Safety in Employment Act 1992.

#### *Housing Corporation of New Zealand (HCNZ)*

The Crown has indemnified the following entities in respect of the accuracy of information provided on the sale of various parcels of HCNZ mortgages: ANZ Banking Group Ltd, Mortgage Corporation, Countrywide Bank, TSB Bank, and Westpac Banking Corporation.

The Crown has indemnified the directors and officers of HCNZ against any liabilities in respect of the sale of mortgages to ANZ Bank and Mortgage Corporation.

Under the sale of mortgages to Westpac, HCNZ has insured the purchaser against certain credit losses with the Crown standing behind this obligation.

Legal proceedings have been initiated against a number of defendants, including the Crown, alleging breach of fiduciary duties in respect of the transfer of the Agreement for Sale and Purchase and mortgage agreements to HCNZ under the Housing Assets Transfer Act 1993.

#### *Housing New Zealand Limited (HNZ)*

The Crown has provided a warranty in respect of title to the assets transferred to HNZ and has indemnified the company against any breach of this warranty. The Crown has indemnified the company against any third party claims that are as a result of acts or omissions prior to 1 November 1992. It has also indemnified the directors and officers of the company against any liability consequent upon the assets not complying with statutory requirements, provided they are taking steps to rectify any non-compliance.

#### *Pharmaceutical Management Agency Limited (Pharmac) - indemnity*

Section 99 of the Social Security Act 1964 provided for the fixing of prices for pharmaceutical products by way of a list specified by the Minister of Health ("the Drug Tariff"). This list was superseded by a list ("the Pharmaceutical Schedule") developed and issued by Pharmac, a company owned by the Health Funding Authority (HFA) and having various powers under the Health Reforms (Transitional Provisions) Act 1993.

Under the Transfer Agreement between Pharmac and the Crown, the Crown has indemnified Pharmac against any liability in respect of operations, activities, decisions and policies relating to the Drug Tariff and the Pharmaceutical Schedule.

A number of legal claims have been lodged against Pharmac. If these claims are successful, the Crown's financial position may be adversely affected by any damages arising either directly through the indemnity, or indirectly through its ownership of the HFA and Pharmac.

#### *Purchasers of Crown operations*

The Crown has indemnified the purchasers of various Crown operations for losses owing to changes in legislation which uniquely and adversely affect those purchasers.

### *Sale of Crown assets*

On the sale of Crown assets and the corporatisation of Crown assets into state-owned enterprises and Crown entities, the Crown has generally provided a warranty that the Crown was the rightful owner of the assets transferred, and that the assets were free of encumbrances.

### *Tax liabilities*

The Crown has granted to the purchasers of the Shipping Corporation of New Zealand Limited, Telecom Corporation of New Zealand Limited, State Insurance Office Limited, and the Rural Banking and Finance Corporation Limited an indemnity for certain potential tax liabilities.

### *Treaty of Waitangi claims*

Under the Treaty of Waitangi Act 1975, any Māori may lodge claims relating to land or actions counter to the principles of the Treaty with the Waitangi Tribunal. Where the Tribunal finds a claim is well founded, it may recommend to the Crown that action be taken to compensate those affected. The Tribunal can make recommendations that are binding on the Crown with respect to land which has been transferred by the Crown to an SOE or tertiary institution, or is subject to the Crown Forests Assets Act 1989.

### *Settlement relativity payments*

The Deeds of Settlement negotiated with Waikato-Tainui and Ngai Tahu include a relativity mechanism. The mechanism provides that where the total redress amount for all historical Treaty settlements exceeds \$1 billion, in 1994 present value terms, the Crown is liable to make payments to maintain the real value of Ngai Tahu and Waikato-Tainui's settlements as a proportion of all Treaty settlements. The agreed relativity proportions are 17% for Waikato-Tainui and approximately 16% for Ngai Tahu. The non-quantifiable contingent liability relates to the risk that total settlement redress, including binding recommendations from the Waitangi Tribunal, will trigger these relativity payments.

### *Works Civil Construction*

The Crown has provided an indemnity to the purchasers of Works Civil Construction in relation to the activities of the Ministry of Works prior to 1 April 1989. In addition, an indemnity has been provided against certain costs, claims or damages in relation to the Clyde and Ohaaki power projects.

### *Works Consultancy Services*

The Crown has provided an indemnity to the purchasers of Works Consultancy Services in relation to the activities of the Ministry of Works prior to 1 April 1989.

## Contingent Liabilities Movements

Of the contingent liabilities detailed above, the following are new this year:

### *Quantifiable Contingent Liabilities*

- Education – Legal claims
- Māori Reserved Land

The following items were resolved over the year:

- Rural Banking and Finance Corporation of New Zealand Limited (\$110 million as at 30 June 1999)
  - Solid Energy New Zealand Limited (unquantified)
  - Southland Electric Power Supply Consumer Trust (unquantified)

The following items which were disclosed last year have been included in their respective “Other” categories as they are under the materiality threshold this year:

- Irrigation schemes
- Social Welfare – legal claims.

**Statement of Unappropriated Expenditure, Expenses or Liabilities  
(as at 30 June 2000)**

An appropriation is a statutory authorisation by Parliament for the expenditure of public money or the incurring of expenses or liabilities. This statement reports expenditure, expenses or liabilities spent or incurred in excess of or without appropriation by Parliament.

Section 12 (1) of the Public Finance Act 1989 authorises the Minister of Finance to approve limited amounts of expenditure, expenses or liabilities in excess of or without appropriation. Unappropriated amounts spent or incurred in terms of such an approval are shown separately in this statement.

Unappropriated expenditure, expenses or liabilities in excess of the limits which the Minister of Finance can approve require validating legislation.

Amounts in this statement are expressed in thousands of dollars, reflecting the level at which appropriations are made.

<b>Department</b>	Unappropriated expenditure, expenses or liabilities approved by the Minister of Finance under section 12 (\$000)	Unappropriated expenditure, expenses or liabilities amount requiring validating legislation (\$000)	Amount Appropriated (\$000)
<i>Vote – Appropriation</i>			
<b>Ministry of Agriculture and Forestry</b>			
<i>Biosecurity – Outputs supplied by the Department</i>			
Specific disease and pest responses	446	-	3,270
<b>Department for Courts</b>			
<i>Courts – Outputs supplied by the Department</i>			
Collection or enforcement of fines and civil debts	2,270	-	47,279
<i>Other expenses to be incurred by the Crown</i>			
Abortion Supervisory Committee - certifying consultants fees	35	-	3,200
<i>Other expenses to be incurred by the Crown</i>			
Children Young Persons and their Families professional costs	95	-	5,600
<i>Other expenses to be incurred by the Crown</i>			
Family Court counselling and professional services	277	-	18,200
<i>Other expenses to be incurred by the Crown</i>			
Costs in criminal cases	14	-	220
<b>Crown Law Office</b>			
<i>Attorney-General - Outputs supplied by the Department</i>			
Legal advice and representation	142	-	12,967
<i>Outputs supplied by the Department</i>			
Supervision and conduct of Crown prosecutions	226	244	21,173
<b>Ministry of Defence</b>			
<i>Defence - Outputs supplied by the Department</i>			
Management of equipment procurement	2,280	-	3,321
<b>Ministry of Economic Development</b>			
<i>Commerce – Outputs supplied by the Department</i>			
Registration and provision of statutory information	122	-	15,179

**Statement of Unappropriated Expenditure, Expenses or Liabilities (continued)**  
(as at 30 June 2000)

Department Vote – <i>Appropriation</i>	Unappropriated expenditure, expenses or liabilities approved by the Minister of Finance under section 12 (\$000)	Unappropriated expenditure, expenses or liabilities amount requiring validating legislation (\$000)	Amount Appropriated (\$000)
<b>Ministry of Education</b>			
Education –			
<i>Outputs supplied by the Department</i>			
Ministerial services	13	-	3,054
<i>Outputs supplied by the Crown</i>			
Curriculum support	74	-	89,185
<i>Outputs supplied by the Crown</i>			
School transport	1,353	-	97,840
<i>Outputs supplied by the Crown</i>			
Specialist support services	573	-	63,737
<i>Other expenses to be incurred by the Crown</i>			
Early childhood education	1,115	-	314,189
<i>Other expenses to be incurred by the Crown</i>			
Residual management unit payments	284	-	1,840
<i>Other expenses to be incurred by the Crown</i>			
School transport	2	-	1,216
<i>Other expenses to be incurred by the Crown</i>			
Secondary education	310	-	1,244,758
<b>Ministry of Justice</b>			
Treaty Negotiations -			
<i>Other expenses to be incurred by the Crown</i>			
Waikato - Tainui interest	105	-	1,696
<b>New Zealand Defence Force</b>			
Defence Force –			
<i>Outputs supplied by the Department</i>			
Military policy development, coordination and advice	62	-	7,717
<i>Outputs supplied by the Department</i>			
Naval combat forces <sup>1</sup>	2,159	-	397,674
<i>Outputs supplied by the Department</i>			
Naval support forces	106	-	24,834
<i>Outputs supplied by the Department</i>			
Specialised forces <sup>2</sup>	80	-	16,856
<i>Outputs supplied by the Department</i>			
Fixed wing transport forces <sup>3</sup>	573	-	145,014
<i>Outputs supplied by the Department</i>			
Rotary wing transport forces	63	-	81,154
<i>Outputs supplied by the Department</i>			
Operationally deployed forces <sup>4</sup>	217	-	56,791
<i>Other expenses to be incurred by the department</i>			
Other	12,500	-	64,452

<sup>1</sup> Excludes \$883,000 transferred out of this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

<sup>2</sup> Includes \$276,000 transferred into this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

<sup>3</sup> Excludes \$366,000 transferred out of this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

<sup>4</sup> Includes \$264,000 transferred into this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

**Statement of Unappropriated Expenditure, Expenses or Liabilities (continued)**  
**(as at 30 June 2000)**

<b>Department</b>	Unappropriated expenditure, expenses or liabilities approved by the Minister of Finance under section 12 (\$000)	Unappropriated expenditure, expenses or liabilities amount requiring validating legislation (\$000)	Amount Appropriated (\$000)
<b>Vote –</b> <i>Appropriation</i>			
<b>Parliamentary Service</b>			
Parliamentary Service –			
<i>Other expenses to be incurred by the Crown</i>			
Members', spouses' and dependants', former members' and spouses' travel	170	-	6,217
<i>Other expenses to be incurred by the Crown</i>			
Party and member support - New Zealand First	38	-	808
<b>The Police</b>			
Police –			
<i>Outputs supplied by the Department</i>			
Policy advice and ministerial support <sup>1</sup>	96	-	1,089
<i>Outputs supplied by the Department</i>			
Policing support to the community through partnerships, education, crime prevention and youth programmes <sup>2</sup>	573	-	54,168
<i>Outputs supplied by the Department</i>			
Public and personal security <sup>3</sup>	5,630	-	30,068
<b>Serious Fraud Office</b>			
Serious Fraud -			
<i>Outputs supplied by the Department</i>			
Investigation and prosecution of complex or serious fraud	19	-	5,031
<b>Department of Work and Income</b>			
Work and Income –			
<i>Outputs supplied by the Department</i>			
Services to minimise the duration of benefit dependency and unemployment and move people into work	209	-	213,201
<i>Benefits and other unrequited expenses</i>			
Assistance for people requiring care	68	-	4,631
<i>Benefits and other unrequited expenses</i>			
Benefits paid in Australia	804	-	146,545
<i>Benefits and other unrequited expenses</i>			
Community wage	5,408	-	1,932,172
<i>Benefits and other unrequited expenses</i>			
Defence Force allowance	1,037	-	15,808
<i>Benefits and other unrequited expenses</i>			
Disability allowance	993	-	202,821
<i>Benefits and other unrequited expenses</i>			
Domestic purposes benefit	6,373	-	1,426,230
<i>Benefits and other unrequited expenses</i>			
Independent youth benefit	91	-	28,539

<sup>1</sup> Includes \$29,000 transferred into this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

<sup>2</sup> Includes \$900,000 transferred into this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

<sup>3</sup> Includes \$1,268,000 transferred into this Output Class by the Public Finance (Transfers between Outputs)  
Order 2000 (2000/112)

**Statement of Unappropriated Expenditure, Expenses or Liabilities (continued)**  
(as at 30 June 2000)

<b>Department</b> Vote – <i>Appropriation</i>	Unappropriated expenditure, expenses or liabilities approved by the Minister of Finance under section 12 (\$000)	Unappropriated expenditure, expenses or liabilities amount requiring validating legislation (\$000)	Amount Appropriated (\$000)
<b>Department of Work and Income (continued)</b>			
Work and Income –			
<i>Benefits and other unrequited expenses</i>			
Invalid's benefit	1,474	-	675,337
<i>Benefits and other unrequited expenses</i>			
New Zealand Superannuation	241	-	5,067,951
<i>Benefits and other unrequited expenses</i>			
Orphans / Unsupported child's benefit	43	-	35,179
<i>Benefits and other unrequited expenses</i>			
Special annuities	2	-	103
<i>Benefits and other unrequited expenses</i>			
Special needs grant	662	-	47,732
<i>Benefits and other unrequited expenses</i>			
Tenure protection allowance	5	-	11,599
<i>Benefits and other unrequited expenses</i>			
Training incentive allowance	434	-	34,311
<i>Benefits and other unrequited expenses</i>			
Widow's benefit	92	-	92,227
<i>Capital contributions to other persons or organisations</i>			
Community services card reimbursements	2	-	300
<i>Capital contributions to other persons or organisations</i>			
Recoverable assistance	2,225	-	79,868
Veterans' Affairs -			
<i>Benefits and other unrequited expenses</i>			
Interest concessions land and buildings	12	-	269
<i>Benefits and other unrequited expenses</i>			
Medical treatment	238	-	6,942
<i>Benefits and other unrequited expenses</i>			
Veterans' pensions	5	-	83,987
	52,440	244	12,945,549

Under section 13 of the Public Finance Act 1989, if a state of national emergency is declared under the Civil Defence Act 1983 or if the Government declares an emergency because of any situation that affects the public health or safety of New Zealand, then the Minister of Finance may approve expenditure of public money or incurrance of expenses or liabilities to meet such emergency or disaster whether or not an appropriation by Parliament is available for the purpose. Once expenditure, expenses or liabilities have been incurred, the amounts that have not been appropriated must be disclosed in the annual Financial Statements of the Crown for the financial year and sanctioned by Parliament in an Appropriation Act.

During the year, no such emergency expenditure, expenses or liabilities were incurred.



**Statement of Trust Money**  
**(as at 30 June 2000)**

Department Trust Account	As at 1 July 1999 (\$000)	Transfers (\$000)	Contributions (\$000)	Distributions (\$000)	Revenue (\$000)	Expenses (\$000)	As at 30 June 2000 (\$000)
<b>Agriculture and Forestry</b>							
Meat Board Levies Trust	18	-	45,733	45,715	-	-	36
<b>Audit</b>							
South Pacific Association of Supreme Audit Institutions Trust	251	-	359	521	-	-	89
<b>Child, Youth and Family Services<sup>1</sup></b>							
Children, Young Persons and Their Families Agency Trust	-	292	-	-	9	-	301
<b>Conservation</b>							
Bonds/Deposits Trust	594	-	292	109	17	-	794
Conservation Project Trust	263	-	213	93	8	-	391
National Parks Trust	92	-	150	111	4	-	135
Walkways Trust	1	-	4	-	-	-	5
Wildlife and Reserves Trusts	3,010	-	2,478	2,063	63	-	3,488
<b>Corrections</b>							
Prisons Trust	426	-	6,267	6,369	-	-	324
<b>Courts</b>							
Courts Trust	11,538	-	24,982	27,943	335	-	8,912
Fines Trust	6,016	-	132,009	132,803	-	-	5,222
Maori Land Court Trust	32	-	397	383	1	-	47
Foreign Currency Trust	18,174	-	590	19,518	978	-	224
<b>Crown Law Office</b>							
Legal Claims Trust	57	-	1,621	1,675	3	5	1
<b>Customs</b>							
Alcohol Liquor Advisory Council Trust	359	-	6,102	5,961	12	-	512
Customs Regional Deposit/Bonds Trust	2,048	-	4,487	3,595	31	16	2,955
Heavy Engineering Research Association Trust	1	-	615	584	-	-	32
Maritime Safety Authority Trust	681	-	12,517	13,192	4	-	10
<b>Economic Development<sup>2</sup></b>							
Coal and Minerals Deposits Trust	406	-	7	56	8	-	365
Official Assignee's Office Trust	11,647	-	9,995	7,462	609	3,645	11,144
Patent Co-operation Treaty Fees Trust	83	-	920	902	11	18	94
Petroleum Deposits Trust	243	-	-	106	11	-	148
Proceeds of Crime Trust	939	-	1,797	1,285	-	-	1,451
Radio Frequencies Tender Trust	49	-	296	14	-	-	331
<b>Fisheries</b>							
MAF Overfishing Account Trust	4,052	-	9,816	6,755	176	-	7,289
MAFFish Snapper Enhancement Trust	199	-	-	-	6	-	205
MAFFish Forfeit Property Trust	117	-	328	244	8	24	185
<b>Foreign Affairs and Trade</b>							
Cape Roberts Project Trust	274	-	576	739	8	-	119
New Zealand/France Friendship Trust	59	-	105	156	2	6	4
<b>Subtotal (carried forward)</b>	<b>61,629</b>	<b>292</b>	<b>262,656</b>	<b>(278,354)</b>	<b>2,304</b>	<b>(3,714)</b>	<b>44,813</b>

**Statement of Trust Money (continued)**  
**(as at 30 June 2000)**

Department Trust Account	As at 1 July 1999 (\$000)	Transfers (\$000)	Contributions (\$000)	Distributions (\$000)	Revenue (\$000)	Expenses (\$000)	As at 30 June 2000 (\$000)
<b>Subtotal (brought forward)</b>	<b>61,629</b>	<b>292</b>	<b>262,656</b>	<b>(278,354)</b>	<b>2,304</b>	<b>(3,714)</b>	<b>44,813</b>
<b>Housing</b>							
Housing Tenancy Bonds Trust	100,074	-	62,715	55,001	5,946	5,717	108,017
<b>Inland Revenue</b>							
Child Support Agency Trust Account	8,690	-	73,157	75,928	-	-	5,919
Reciprocal Child Support Agreement Trust	17	-	540	549	-	-	8
<b>Internal Affairs</b>							
Australian Trust for Oral History Archives	1,351	-	-	105	122	4	1,364
Dictionary of New Zealand Biography Trust	982	-	72	-	58	480	632
New Zealand 1990 Scholarship Trust	360	-	-	24	34	-	370
New Zealand Encyclopedia Trust	1	-	-	-	-	-	1
New Zealand Historical Atlas Trust	38	-	6	-	2	19	27
New Zealand History Research Trust	1,414	-	-	92	138	-	1,460
Problem Gambling Trust	-	-	1,268	1,273	5	-	-
Vogel House Trust	-	-	4	4	-	-	-
<b>Justice</b>							
Chief Electoral Trust	-	-	-	-	204	66	138
<b>Labour</b>							
Employment Court Trust	110	-	156	148	-	-	118
Industrial Relations Service Trust	13	-	219	207	-	-	25
New Zealand Immigration Service	-	-	-	-	840	205	635
<b>Land Information New Zealand</b>							
Crown Forestry Licences Trust	34,547	-	73,902	68,025	4,997	-	45,421
Deposits Trust	812	-	3,613	793	-	-	3,632
Endowment Rentals Trust	2	-	47	49	-	-	-
Hunter Gift for the Settlement of Discharged Soldiers Trust	42	-	-	-	2	-	44
<b>Police</b>							
Bequests, Donations and Appeals Trust	76	-	36	44	14	13	69
Found Money Trust	577	-	44	560	1	-	62
Money in Custody Trust	55	-	15	52	-	-	18
Reparation Trust	5	-	66	56	-	-	15
Reward Money Trust	-	-	1	1	-	-	-
<b>Social Policy<sup>3</sup></b>							
Children, Young Persons and Their Families Agency Trust <sup>1</sup>	292	(292)	-	-	-	-	-
<b>Treasury</b>							
Trustee Act 1956 Trust	1,253	-	5	119	66	-	1,205
<b>Work and Income</b>							
Australian Debt Recoveries Trust	12	-	173	173	-	-	12
Maintenance Trust	230	-	2,964	3,039	-	-	155
United Kingdom Reciprocal Pension Trust	7	-	180	171	-	-	16
<b>Total</b>	<b>212,589</b>	<b>-</b>	<b>481,839</b>	<b>(484,767)</b>	<b>14,733</b>	<b>(10,218)</b>	<b>214,176</b>

<sup>1</sup> Transferred from the Ministry of Social Policy to the Department of Child, Youth and Family Services.

<sup>2</sup> Name amendment from Ministry of Commerce.

<sup>3</sup> Name amendment from Department of Social Welfare.

## Reporting Entity

The Crown financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989.

The Crown reporting entity as specified in Part III of the Public Finance Act 1989 comprises:

- Ministers of the Crown
- Departments
- Offices of Parliament
- Reserve Bank of New Zealand
- State-owned enterprises
- Crown entities
- Public Trust Office

A more detailed listing of the components of the Crown Reporting Entity is set out in the Supplementary Information on pages 96 and 97.

## General Accounting Policies

These Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of physical assets (where appropriate) and state highways, commercial forests and marketable securities held for trading purposes. The accrual basis of accounting has been used unless otherwise stated.

## Specific Accounting Policies

### *Reporting and forecast period*

The reporting and forecast period for these Financial Statements is the year ended 30 June 2000. Different reporting periods have however been applied when combining certain state-owned enterprises and Crown entities, as set out in Note 9.

The Budget forecast is the original forecast for the financial year, as presented in the 1999 Budget on 20 May 1999. The estimated actual forecast, as presented in the 2000 Budget on 15 June 2000, has been prepared using actual data to 31 March 2000, and forecast data for the remainder of the financial year.

### *Basis of combination*

Ministers of the Crown, departments, offices of Parliament and the Reserve Bank of New Zealand are combined using the purchase method of combination. Corresponding assets, liabilities, revenues and expenses are added together line by line. Transactions and balances between these sub-entities are eliminated on combination.

State-owned enterprises and Crown entities are combined using the modified equity method of combination. This records the Crown's share of these entities' net assets, including asset valuation movements and their surpluses and deficits. Unrealised surpluses and deficits on inter-entity transactions not carried out on an arm's-length basis are eliminated. Other inter-entity transactions and balances are not eliminated.

Commitments and contingent liabilities of state-owned enterprises and Crown entities are reported in the Statement of Commitments and the Statement of Contingent Liabilities.

## **Revenue**

### *Revenue levied through the Crown's sovereign power*

The Crown provides many services and benefits that do not give rise to revenue. Further, payment of tax does not of itself entitle a taxpayer to an equivalent value of services or benefits, as there is no direct relationship between paying tax and receiving Crown services and transfers. Such revenue is received through the exercise of the Crown's sovereign power.

Where possible, revenue is recognised at the time the debt to the Crown arises.

<b>Revenue type</b>	<b>Revenue recognition point</b>
Source deductions (PAYE)	When an individual earns income that is subject to PAYE
Residents' withholding tax <sup>1</sup>	When an individual is paid interest or dividends subject to deduction at source
Fringe benefit tax (FBT)	When benefits are provided that give rise to FBT
Provisional tax	Payment due date
Terminal tax	Assessment filed date
Goods and services tax	When the liability to the Crown is incurred
Excise duty	When goods are subject to duty
Road user charges and motor vehicle fees	When payment for the fee or charge is made
Stamp, cheque and credit card duties	When the liability to the Crown is incurred
Other indirect taxes	When the debt to the Crown arises

<sup>1</sup> Corresponds to withholding taxes on residents' interest and dividend income in Note 1 to the Financial Statements.

### *Revenue earned through operations*

If revenue has been earned by the Crown in exchange for the provision of outputs (products or services) to third parties, then the Crown receives its revenue through operations. Such revenue is recognised when it is earned.

### *Investment income*

Investment income is recognised in the period in which it is earned.

### *Premiums and discounts*

Premiums arising on the issue of a debt instrument are treated as a reduction in the cost of borrowing. Discounts arising on the purchase of a monetary asset are treated as an increase in investment income.

Premiums and discounts are recognised in the Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

For floating rate debt instruments the amortisation is over the first interest period. Discounts on monetary assets deemed short-term securities are amortised on a straight-line basis.

The forward margin associated with forward foreign-exchange contracts is amortised over the period of the contract on a straight-line basis.

### *Gains*

Realised gains arising from sales of assets or the early repurchase of liabilities are recognised in the Statement of Financial Performance in the period in which the transaction occurs.

Unrealised foreign-exchange gains on monetary assets and liabilities, and unrealised gains on marketable securities held for trading purposes, are recognised in the Statement of Financial Performance.

Unrealised and realised gains related to hedging activity are recognised in the Statement of Financial Performance in the same period in which gains on the underlying hedged position are recognised.

Unrealised gains arising from changes in the value of physical assets (including state highways) are recognised at balance date. To the extent that a gain reverses a loss previously charged to the Statement of Financial Performance, the gain is credited to the Statement of Financial Performance. Otherwise, gains are credited to an asset revaluation reserve for that class of asset.

Unrealised gains arising from changes in the value of commercial forests are credited to the Statement of Financial Performance.

Unrealised gains (excluding foreign-exchange gains) arising from changes in the value of investments and marketable securities held for investment are recognised at balance date only to the extent that they reverse a loss previously charged to the Statement of Financial Performance. Gains effecting such a reversal are credited to the Statement of Financial Performance.

## **Expenses**

### *General*

Expenses are recognised in the period to which they relate.

### *Welfare benefits*

Welfare benefits are recognised in the period when an application for a benefit has been accepted and the eligibility criteria met.

### *Grants and subsidies*

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

### *Discounts and Premiums*

Discounts arising on the issue of a debt instrument are treated as an increase in the cost of borrowing. Premiums arising on the purchase of a monetary asset are treated as a reduction in investment income.

Discounts and premiums are recognised in the Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

For floating rate debt instruments the amortisation is over the first interest period. Premiums on monetary assets deemed short-term securities are amortised on a straight-line basis.

The forward margin associated with forward foreign-exchange contracts is amortised over the period of the contract on a straight-line basis.

### *Losses*

Realised losses arising from sales of assets or the early repurchase of liabilities are recognised in the Statement of Financial Performance in the period in which the transaction occurs.

Unrealised foreign-exchange losses on monetary assets and liabilities, and unrealised losses on marketable securities held for trading purposes, are recognised in the Statement of Financial Performance.

Unrealised and realised losses related to hedging activity are recognised in the Statement of Financial Performance in the same period in which gains on the underlying hedged position are recognised.

Unrealised losses (excluding foreign-exchange losses) arising from changes in the value of physical assets (including state highways), and investments and marketable securities held for investment are recognised at balance date. Unrealised losses are first applied against the revaluation reserve for that class of asset. The balance, if any, is charged to the Statement of Financial Performance.

Unrealised losses arising from changes in the value of commercial forests are charged to the Statement of Financial Performance.

*Foreign-currency transactions*

Short-term transactions covered by forward exchange contracts are translated into New Zealand dollars using the forward rates specified in those contracts.

Other transactions in foreign currencies are translated into New Zealand dollars using the exchange rate on the date of the transaction. Exchange differences arising on translation of these transactions are recognised in the Statement of Financial Performance.

Outstanding foreign-exchange contracts are translated at the closing exchange rate. Exchange gains and losses are included in the Statement of Financial Performance in the period in which they arise.

*Depreciation*

Depreciation is provided on a straight-line basis at rates calculated to allocate the cost or valuation of an asset, less any estimated residual value, over its estimated useful life. Typically, the estimated useful lives of different classes of assets are as follows:

Freehold buildings	25 to 60 years
Specialist military equipment	5 to 25 years
Other plant and equipment	3 to 25 years
State highways – pavement	36 years
– bridges	90 years

**Assets**

*Foreign monetary assets*

Where foreign monetary assets are subject to forward exchange contracts, they are translated into New Zealand dollars at the contract rate. Otherwise, foreign monetary assets are translated at the closing exchange rate.

Exchange gains and losses are included in the Statement of Financial Performance in the period in which they arise.

*Receivables and advances*

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

*Inventories*

Inventories, except for unissued currency stocks, are recorded at the lower of cost and net current value. Where inventories acquired since January 1991 are recorded at cost, the weighted average cost method has been used. Appropriate allowance has been made for obsolescence.

Unissued currency stocks are recorded as inventory at the cost of acquisition and expensed when issued.

### *Investments*

#### Marketable securities held for trading purposes

Marketable securities held for trading purposes are recorded at net current value.

#### Equity investments

Equity investments (other than those forming part of the reporting entity) are recorded at the lower of cost and net current value.

#### Other investments and marketable securities held for investment purposes

Other investments, including marketable securities held for investment purposes, are recorded at the lower of cost and net current value.

Investments held for hedging purposes are recorded on the same basis as the item being hedged.

### *Physical assets*

Revaluations are made to reflect the service potential or economic benefit obtained through control of the assets. Assets revalued to net current value are based on the market value of the asset less estimated disposal costs. Where an asset is recorded at its depreciated replacement cost, depreciated replacement cost is based on the estimated present cost of constructing the existing asset by the most appropriate method of construction, reduced by factors for age and deterioration of the asset.

Physical assets are revalued at least every three years where appropriate.

#### Land and buildings

Land and buildings are recorded at net current value. In cases where valuations conducted in accordance with New Zealand Institute of Valuers' standards are not available, valuations conducted in accordance with the Valuation of Land Act 1951 have been used.

#### Specialist military equipment

Specialist military equipment is recorded at depreciated replacement cost. Valuations have been obtained through specialist assessment by New Zealand Defence Force advisers.

#### Other plant and equipment

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost less accumulated depreciation.

#### Other physical assets for which an objective estimate of market value is difficult to obtain

Such assets (national parks, for example) are recorded at the best estimate of net current value.



### *Commercial forests*

Commercial forests are recorded at estimated net current value. This takes into account age, quality of timber and the forest management plan.

### *State highways*

State highways are recorded at depreciated replacement cost based on the estimated present cost of constructing the existing asset by the most appropriate method of construction. Land associated with the state highways is valued using an opportunity cost based on adjacent use, as an approximation to net current value.

### *Intangible assets*

Intangible assets which can be sold or acquired separately from other assets are recorded at net current value if a foreseeable future benefit exists and a reliable measure of net current value can be obtained. Otherwise, intangible assets are not recognised.

## ***Liabilities***

### *Borrowings*

In the Statement of Financial Position, borrowings (including currency swaps) are recorded at nominal value adjusted for the unamortised portion of the premium or discount on issue.

### *Foreign monetary liabilities*

Where foreign monetary liabilities are subject to forward exchange contracts, they are translated into New Zealand dollars at the contract rate. Otherwise, foreign monetary liabilities are translated at the closing exchange rate.

Exchange gains and losses are recognised in the Statement of Financial Performance in the period in which they arise.

### *Pension liabilities*

Pension liabilities in respect of the contributory service of superannuation scheme members are recorded at the latest actuarial value of the Crown's liability for pension payments, net of the schemes' assets.

### *Currency issued*

Currency issued represents a liability in favour of the holder. Currency issued for circulation, including an amount to cover expected future redemption of demonetised currency, is recognised at face value.

### *Leases*

Finance leases transfer to the Crown as lessee substantially all the risks and rewards incident on the ownership of a leased asset. The obligations under such leases are capitalised at the present value of the minimum lease payments. The capitalised values are amortised over the period in which the Crown expects to receive benefits from their use.

Operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease.

Leasehold improvements are capitalised and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

*Employee entitlements*

Liabilities for annual leave are recognised as they accrue to employees. Provision is also made for expected payments of long-service and retiring leave obligations to employees.

*Other liabilities*

All other liabilities are recorded at the estimated obligation to pay.

**Commitments**

Commitments include those operating and capital commitments arising from non-cancellable contractual or statutory obligations. Interest commitments on debts and commitments relating to employment contracts are not included in the Statement of Commitments.

**Contingent liabilities**

Contingent liabilities are recorded in the Statement of Contingent Liabilities at the point at which the contingency is evident. Contingent assets are not disclosed.

**Changes in Accounting Policies**

All policies have been applied on a consistent basis during the period.

**Changes to Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation and classification adopted in the current period.

<i>Forecast</i>			<i>Actual</i>	
1999 Budget	Estimated Actual		30 June 2000	30 June 1999
\$m	\$m		\$m	\$m
<b>NOTE 1: Direct Taxation</b>				
<b>Income Tax</b>				
<b>Individuals</b>				
12,859	12,943	Source deductions	12,972	12,295
3,061	3,143	Other persons	3,123	3,024
(652)	(663)	Refunds	(625)	(701)
345	307	Fringe benefit tax	306	323
<b>15,613</b>	<b>15,730</b>	<b>Total Individuals</b>	<b>15,776</b>	<b>14,941</b>
<b>Companies</b>				
4,481	4,430	Gross companies	4,270	3,851
(106)	(173)	Refunds	(112)	(157)
<b>4,375</b>	<b>4,257</b>	<b>Total Companies</b>	<b>4,158</b>	<b>3,694</b>
<b>Withholding Taxes</b>				
660	703	Residents' interest income	723	864
643	721	Non-residents' income	735	717
40	59	Foreign-source dividends	58	8
35	50	Residents' dividend income	47	63
<b>1,378</b>	<b>1,533</b>	<b>Total Withholding Taxes</b>	<b>1,563</b>	<b>1,652</b>
<b>21,366</b>	<b>21,520</b>	<b>Total Income Tax</b>	<b>21,497</b>	<b>20,287</b>
<b>Other Direct Taxation</b>				
2	2	Estate and gift duties	2	2
<b>2</b>	<b>2</b>	<b>Total Other Direct Taxation</b>	<b>2</b>	<b>2</b>
<b>21,368</b>	<b>21,522</b>	<b>Total Direct Taxation</b>	<b>21,499</b>	<b>20,289</b>

<b>NOTE 2: Indirect Taxation</b>				
<b>Goods and Services Tax</b>				
13,176	13,785	Gross goods and services tax	14,085	12,844
(4,542)	(5,016)	Refunds	(5,214)	(4,440)
<b>8,634</b>	<b>8,769</b>	<b>Total Goods and Services Tax</b>	<b>8,871</b>	<b>8,404</b>
<b>Excise Duties</b>				
840	784	Petroleum fuels	808	802
737	729	Tobacco products	777	714
428	425	Alcoholic beverages	442	432
<b>2,005</b>	<b>1,938</b>	<b>Total Excise Duties</b>	<b>2,027</b>	<b>1,948</b>
<b>Other Indirect Taxation</b>				
567	629	Customs duty	612	528
501	515	Road user charges	507	468
169	179	Motor vehicle fees	177	174
157	178	Gaming duties	176	155
90	102	Energy resources levy	108	96
74	53	Stamp, cheque and credit card duties	58	94
<b>1,558</b>	<b>1,656</b>	<b>Total Other Indirect Taxation</b>	<b>1,638</b>	<b>1,515</b>
<b>12,197</b>	<b>12,363</b>	<b>Total Indirect Taxation</b>	<b>12,536</b>	<b>11,867</b>

Tax revenue is net of remissions and write-offs of \$286 million (30 June 1999: \$320 million).