



SUPPLEMENT

TO THE

NEW ZEALAND GAZETTE

OF

THURSDAY, 28 NOVEMBER 1985

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SUMMARY

OF THE

RECEIPTS AND PAYMENTS

OF THE

PUBLIC ACCOUNT

FOR THE

SIX MONTHS ENDED 30 SEPTEMBER 1985

This publication is a summary of the Receipts and Payments of the Public Account with supplementary statements including a statement of the Public Debt and transactions in connection therewith.

INTRODUCTION TO THE SUMMARY

This summary of the receipts and payments of the Public Accounts is produced quarterly and published in terms of section 67 of the Public Finance Act 1977. The contents of the summary are as follows:

- *Statement of Accounting Policies*, outlines the general accounting principles on which the accounts are prepared, and the particular accounting policies adopted.
- *Summary Information Section*—Containing high level summaries of the financial transactions of the Public Account. The section currently comprises two tables and the intention is to include more tables as they are developed.
- *Consolidated Account*, the main operating account within the Public Account. All receipts must be credited to this account unless there is specific statutory provision to the contrary. e.g., proceeds of loans, and Road User Charges. The main revenue items in the account are direct and indirect taxation, interest received, dividends and profits from Corporations and trading undertakings, and departmental receipts.
The bulk of Government expenditure is met from this account by way of annual appropriations through votes (see the Estimates of Expenditure B. 7 [Pt. I]), and permanent appropriations made pursuant to various statutes.
- *Loans Account*, records the proceeds from all new loans raised (except those raised for redemption of loans) in New Zealand or Overseas during the financial year. The payments side of the account records the disbursement of these proceeds by annual and permanent appropriations, and by way of transfers to other accounts within the Public Account. A non cash item is included on both the receipts and payments side of the account to record the value of capital equipment purchased under credit arrangements.
- *Loans Redemption Account*, records how loan moneys received specifically for the purpose of repaying or redeeming public debt, together with other receipts credited to the account, have in fact been applied to convert or repay public debt. The account also records cash received and paid in respect of the issue and redemption of Treasury bills.
- *National Roads Fund*, is established under section 22 of the National Roads Act 1953. Its purpose is to record certain indirect taxation revenues specifically set aside to fund expenditure on construction and maintenance of roads. The account also records other moneys appropriated for these purposes.
- *Reserve Account*, records funds set aside to meet future contingencies. Transfers into this account are made from the Consolidated Account, but if a contingency arises the funds may be transferred to any of the other accounts within the Public Account.
- *Trust Account*, contains over 50 separate accounts and is primarily used to record moneys received or held in trust. Moneys paid into the account are generally available to be applied only for the specific purpose for which they were received.
- *The Summary of Balances* and the *Composition of Balances*.
- *Expenditure Statement*, records expenditure relating to Votes within Public Account.
- *Statements of the Public Debt*, and transactions in connection therewith.
- *Notes to the Accounts*, contains additional explanatory information on specific receipts or payments items.

STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

The Public Accounts comprise the 5 operating accounts established by sections 38 to 42 of the Public Finance Act 1977, together with a suspense account created under section 37 (1) (c) of that Act, and the National Roads Fund established by section 22 of the National Roads Act 1953. A brief description of each of the operating accounts is given in the introduction to this summary. The Suspense Account is a clearing account for receipts banked to the Public Account.

The "Public Account" refers to the bank account of that name kept at the Reserve Bank of New Zealand.

This summary reflects only those transactions relating to departments or activities operating within the Public Account. It does **not** reflect transactions of accounts to which sections 68 and 69 of the Public Finance Act apply. All transactions are reported on the cash basis of accounting.

The amounts shown in this summary represent the cumulative result of transactions from the beginning of the financial year at historic cost.

Recognition of Receipts and Payments

Receipts for money paid into the Public Account are initially credited to the Suspense Account. The receipts are subsequently recognised by debiting the Suspense Account when the revenue receiver advises Treasury of the particular account code to be credited. The balance to the credit of the Suspense Account at the end of each accounting period is disclosed in the Summary of Balances.

Payments are brought to charge as expenditure in two ways:

- if money is paid from the Public Account Disbursement Account, it is recognised as a payment immediately.
- if money was paid from an imprest account, it is recognised as a payment when Treasury is advised of the particular account code to be debited. Money advanced to Imprestees but remaining unspent at the end of each accounting period forms part of the cash balances.

Particular Accounting Policies

The following particular accounting policies which affect the contents of the accounts have been adopted—

Recognition of Interdepartmental Transactions

Transactions occurring between Government Departments are recognised on the following basis:

- if it was a cash transaction, then the accounting policy on recognition of receipts and payments above applies.
- if it was a non-cash transaction, then the transaction is recognised when Treasury is advised of the accounting codes to be credited and debited.

Foreign Currencies

As a general rule receipts and payments are converted into New Zealand currency at a special exchange rate fixed at the mid-point between the buying and selling rates for each foreign currency quoted by the Reserve Bank. This rate is retained until it is at variance by 2 percent with the actual mid-point of the buying and selling rate.

All rates are adjusted on an official revaluation and on 1st day of June, September, December and March in each year.

Any gains or losses arising from differences between actual rates of exchange used for transactions and the special mid-point rate are disclosed in the public accounts.

An exception to the general rule is made for certain types of receipts such as the proceeds from loans raised overseas and repatriated to New Zealand. In these cases the exchange rate used is the actual bank rate at which the foreign currency was converted to New Zealand dollars.

Investments

Investments of Public Account Balances are recorded at cost price in foreign currency and converted at the mid-point exchange rate into New Zealand dollars. These investments are subsequently adjusted when changes occur in the mid-point exchange rates. Capital gains or losses arising from investment transactions are recognised when realised and are disclosed in the public accounts. Balances of investments in Companies and Government Agencies are not reported in quarterly summaries.

Changes in Accounting Policies

There has been one change in respect of accounting for foreign currencies. In previous years all exchange rates were adjusted on an official revaluation and on 1 March in each year. Commencing with the 1985-86 financial year the following will apply:

- all foreign exchange rates will be adjusted quarterly on 1 June, 1 September, 1 December and 1 March.

All other policies have been applied on bases consistent with those used in previous years.

SUMMARY INFORMATION

TABLE 1—SUMMARY OF
PUBLIC ACCOUNT OPERATIONS

	Six Months Ended 30 September 1985			Six Months Ended 30 September 1984
	\$('000)	\$('000)	\$('000)	\$('000)
RECEIPTS INTO PUBLIC ACCOUNT				
Taxation—				
Consolidated Account	5,601,774			4,456,029
National Roads Fund	191,868			149,339
		5,793,642		4,605,368
Interest, dividends and profits—				
Consolidated Account	839,723			487,890
Reserve Account	10,749			13,377
		850,472		501,267
Departmental and Special Receipts—				
Consolidated Account	480,508			308,355
National Roads Fund	3,067			2,579
Reserve Account .. .. .	..			67,630
		483,575		378,564
Repayment of loans and advances—				
Loans Redemption Account		73,573		48,049
Changes in balances—				
Increase in advances to Imprestees	(197,286)			(135,570)
Increase in Suspense Account	26,231			145,751
		(171,055)		10,181
			7,030,207	5,543,429
PAYMENTS FROM PUBLIC ACCOUNT				
Annual appropriations—				
Consolidated Account	6,702,776			5,703,501
Loans Account	293,342			175,079
		6,996,118		5,878,580
Permanent appropriations—				
Consolidated Account	1,815,543			1,212,457
Loans Account (excludes charges and expenses of raising loans)	3,002			599
National Roads Fund	160,703			151,047
		1,979,248		1,364,103
Changes in balances—				
Net payments from Trust Account		14,872		5,545
Special Payments—				
Consolidated Account	55,258			(165,689)
Reserve Account	60,202			..
		115,460		(165,689)
Unauthorised expenditure for services and purposes not provided for—				
National Roads Fund		3		1
			9,105,701	7,082,540
Deficit on operations			\$2,075,494	\$1,539,111

SECTION

TABLE 2—SUMMARY OF
PUBLIC ACCOUNT FINANCING

	Six Months Ended 30 September 1985	Six Months Ended 30 September 1984
	\$(000)	\$(000)
NEW BORROWING		
Loans Account		
Borrowing in New Zealand and Overseas	2,814,271	3,910,948
<i>Less purchases through capital equipment credit arrangements</i>	22,675	(30,833)
<i>Less charges and expenses of raising loans</i>	114,190	(99,252)
	<u>2,677,406</u>	<u>3,780,863</u>
Loans Redemption Account		
Borrowing in New Zealand and Overseas	3,774,982	2,863,480
<i>Less charges and expenses of raising and repaying loans</i>	12,666	(18,271)
	<u>3,762,316</u>	<u>2,845,209</u>
Net cash proceeds from new borrowing		<u>6,439,722</u>
		<u>6,626,072</u>
REPAYMENTS		
Loans Redemption Account		
Repayments in New Zealand and Overseas		4,405,498
		<u>3,378,560</u>
Net cash flow from borrowing		<u>2,034,224</u>
		<u>3,247,512</u>
CHANGES IN BALANCES OF—		
Cash at bank	(1,157,008)	(2,522,956)
Investments	1,198,278	814,555
		<u>41,270</u>
		<u>\$2,075,494</u>
		<u>\$1,539,111</u>

CONSOLIDATED

RECEIPTS	Note	Six Months Ended 30 September 1985			Six Months Ended 30 September 1984
		\$(000)	\$(000)	\$(000)	\$(000)
Taxation					
Direct taxation—					
Income tax	1	4,015,652			2,978,855
Other tax	2	14,352			20,834
			4,030,004		2,999,689
Indirect taxation—					
Beer duty		104,058			92,553
Customs duty		407,780			378,148
Sales tax		734,513			675,575
Other taxation	3	325,419			310,064
			1,571,770		1,456,340
				5,601,774	4,456,029
Interest, Dividends and Profits—					
Interest on Capital Liabilities and Investments	4		687,143		416,813
Dividends	5		63,000		25,931
Profits	6		89,580		45,146
				839,723	487,890
Departmental Receipts	7			442,117	301,928
Total Ordinary Receipts				6,883,614	5,245,847
Special Receipts	8			38,391	6,427
Deficit at end of six months				1,651,572	1,497,995
				<u>8,573,577</u>	<u>6,750,269</u>
Opening balance, 1 April 1985				117,153	108,688
				<u>\$117,153</u>	<u>\$108,688</u>

The notes on pages 5442 to 5453 form part of and

ACCOUNT

PAYMENTS	Note	Six Months Ended	Six Months Ended
		30 September 1985	30 September 1984
		\$(000)	\$(000)
Permanent appropriations	9	1,815,543	1,212,457
Annual appropriations <i>(For details, refer to Expenditure Statement on page 5439)</i>		6,702,776	5,703,501
Total Ordinary Payments		8,518,319	6,915,958
Special Payments	10	55,258	(165,689)
		<u>\$8,573,577</u>	<u>\$6,750,269</u>
Deficit at end of six months		1,651,572	1,497,995
Closing balance, 30 September 1985		(1,534,419)	(1,389,307)
		<u>\$117,153</u>	<u>\$108,688</u>

should be read in conjunction with the accounts.

LOANS

RECEIPTS	Note	Six Months	Six Months
		Ended 30 September 1985	Ended 30 September 1984
		\$(000)	\$(000)
Loans raised—			
In New Zealand	11	1,299,867	2,124,282
Overseas	12	1,330,860	1,434,327
			<u>3,558,609</u>
Loan receipts unallocated	13	183,544	352,339
Other Securities issued	14	270,377	4,830
			<u>\$3,084,648</u>
Opening balance, 1 April 1985		104,604	76,621
Surplus at end of six months		2,381,062	3,605,185
			<u>\$2,485,666</u>
			<u>\$3,681,806</u>

LOANS REDEMPTION

		\$(000)	\$(000)
		\$(000)	\$(000)
Loans raised in conversion of maturing loans	17	130,196	4,904
Loans raised for the purpose of repaying loans—			
Overseas—			
Cash loans		274,952	420,172
Treasury bills issued		3,500,030	2,443,308
Money received for repayment of loans and advances	18	73,564	48,042
Other money received		9	7
Deficit at end of six months		569,609	485,302
		<u>\$4,548,360</u>	<u>\$3,401,735</u>
Opening balance, 1 April 1985		1,790,992	1,104,109
		<u>\$1,790,992</u>	<u>\$1,104,109</u>

The notes on pages 5442 to 5453 form part of and

ACCOUNT

PAYMENTS	Note	Six Months Ended	
		30 September 1985	30 September 1984
		\$(000)	\$(000)
Permanent appropriations	15		99,851
Annual appropriations (For details refer to Expenditure Statement on page 5439)			175,079
Capital equipment purchased under credit arrangements	16		30,833
Other Securities issued	14		4,830
Surplus at end of six months			3,605,185
			<u>\$3,084,648</u>
			<u>\$3,915,778</u>
Closing balance, 30 September 1985			3,681,806
			<u>\$2,485,666</u>
			<u>\$3,681,806</u>

ACCOUNT

		\$(000)	\$(000)	\$(000)
Loans converted—				
In New Zealand	17		130,196	4,904
Loans repaid—				
In New Zealand	19	1,219,663		616,949
Overseas		827,685		706,879
			2,047,348	1,323,828
Treasury bills redeemed			2,358,150	2,054,732
Charges and expenses of raising and repaying loans—				
General		440		2,053
Flexible financing facilities rollover expenses				16,218
Premium on redemption, Inflation-adjusted savings bonds		12,226		18,271
			12,666	18,271
			<u>\$4,548,360</u>	<u>\$3,401,735</u>
Deficit at end of six months			569,609	485,302
Closing balance, 30 September 1985			1,221,383	618,807
			<u>\$1,790,992</u>	<u>\$1,104,109</u>

should be read in conjunction with the accounts.

NATIONAL ROADS

RECEIPTS	Note	Six Months	Six Months
		Ended 30 September 1985	Ended 30 September 1984
		\$(000)	\$(000)
Taxation	20	191,868	149,339
Other receipts	21	3,067	2,579
		<u>\$194,935</u>	<u>\$151,918</u>
Opening balance, 1 April 1985		8,044	14,741
Surplus at end of six months		<u>34,229</u>	<u>870</u>
		<u>\$42,273</u>	<u>\$15,611</u>

RESERVE

	\$(000)	\$(000)
Adjustment of value of investments consequent on changes in exchange rates .. .. .	..	67,630
Interest on investments	10,749	13,377
Deficit at end of six months	<u>49,453</u>	..
	<u>\$60,202</u>	<u>\$81,007</u>
Opening balance, 1 April 1985	383,909	518,345
Surplus at end of six months .. .. .	..	81,007
	<u>\$383,909</u>	<u>\$599,352</u>

TRUST

	\$(000)	\$(000)
Receipts through revolving funds	137,680	117,163
Other receipts	458,986	680,336
Deficit at end of six months	<u>14,872</u>	<u>5,545</u>
	<u>\$611,538</u>	<u>\$803,044</u>
Opening balance, 1 April 1985	39,347	47,814
	<u>\$39,347</u>	<u>\$47,814</u>

The notes on pages 5442 to 5453 form part of and

FUND

PAYMENTS	Note	Six Months	Six Months
		Ended 30 September 1985	Ended 30 September 1984
		\$(000)	\$(000)
Expenditure	22	160,703	151,047
Unauthorised expenditure under section 28A National Roads Act 1953		3	1
Surplus at end of six months		34,229	870
		<u>\$194,935</u>	<u>\$151,918</u>
Closing balance, 30 September 1985		42,273	15,611
		<u>\$42,273</u>	<u>\$15,611</u>

ACCOUNT

	\$(000)	\$(000)
Adjustment of value of investments consequent on changes in exchange rates	60,202	..
Surplus at end of six months .. .. .	..	81,007
	<u>\$60,202</u>	<u>\$81,007</u>
Deficit at end of six months	49,453	..
Closing balance, 30 September 1985	334,456	599,352
	<u>\$383,909</u>	<u>\$599,352</u>

ACCOUNT

	\$(000)	\$(000)
Payments through revolving funds	155,336	126,758
Other payments	456,202	676,286
	<u>\$611,538</u>	<u>\$803,044</u>
Deficit at end of six months	14,872	5,545
Closing balance, 30 September 1985	24,475	42,269
	<u>\$39,347</u>	<u>\$47,814</u>

should be read in conjunction with the accounts.

SUMMARY OF BALANCES

	Note	At 30 September 1985	At 30 September 1984
		\$(000)	\$(000)
Consolidated Account		(1,534,419)	(1,389,307)
Loans Account		2,485,666	3,681,806
Loans Redemption Account		1,221,383	618,807
National Roads Fund		42,273	15,611
Reserve Account		334,456	599,352
Suspense Account	23	27,117	145,885
Trust Account		24,475	42,269
		<u>\$2,600,951</u>	<u>\$3,714,423</u>

COMPOSITION OF BALANCES

	Note	At 30 September 1985	At 30 September 1984
		\$(000)	\$(000)
Cash		1,271,781	2,616,644
Imprests		304,078	212,364
Investments—	24		
In New Zealand		5,915	5,915
Overseas		1,019,177	879,500
		<u>\$2,600,951</u>	<u>\$3,714,423</u>

The notes on pages 5442 to 5453 form part of and

EXPENDITURE STATEMENT

Expenditure in Anticipation of Appropriation Act

This statement records expenditure relating to each Vote of the Accounts within Public Account. The Public Finance Act 1977 provides for three distinctive categories under sections 53 and 54 by which public money may be issued and applied in any financial year.

The *first category* relates to the period 1 April to 30 June of any financial year when money issued and applied is not permitted to exceed the total of—

- (a) the unexpended balance of the amount appropriated for that Vote in the immediately preceding financial year; and
(b) a sum equal to one-fourth of the amount appropriated.

The *second category* allows for expenditure on or after 1 July to be issued and applied under a new authority namely the Imprest Supply Bill. Imprest Supply Bills are the method utilised for carrying on financial requirements of the State until the Appropriation Bill is dealt with later in the year.

The *third and final category* is the Appropriation Bill which gives final authority. Once the Bill has been passed by Parliament and assented to by the Governor-General, its provisions are enacted and the Bill becomes an Act.

Expenditure	Note	1985	1984
CONSOLIDATED ACCOUNT		\$(000)	\$(000)
Accident Compensation		99	53
Agriculture and Fisheries .. .		156,311	182,346
Audit		4,268	3,095
Broadcasting		110	85
Building Performance Guarantee Corporation .. .		10	9
Commission for the Environment .. .		760	562
Crown Law		1,613	1,504
Customs		18,400	16,268
Defence		366,390	323,100
Education		999,014	886,298
Energy (part vote)		52,608	52,459
Foreign Affairs		102,376	87,761
Forest Service		156,461	162,026
Government Life Insurance Corporation .. .		17	16
Government Printing Office .. .		1,484	5,563
Health		1,072,124	899,289
Housing Corporation (Programmes I and II) .. .		128,564	60,969
Inland Revenue		45,641	34,856
Internal Affairs		46,348	35,313
Justice		94,146	70,554
Labour		221,026	214,810
Lands and Survey		46,333	53,719
Legislative		7,409	5,631
Maori Affairs		34,117	33,749
Ombudsmen	25	426	..
Police		111,503	91,252
Post Office (part vote)		1,543	5,620
Prime Minister's Department .. .		1,025	961
Privacy Commissioner	25	40	..
Railways		39	38
Rural Banking and Finance Corporation (Programmes I and II) .. .		41,912	10,070
Scientific and Industrial Research .. .		53,563	47,181
Security Intelligence Service .. .		2,262	2,063
Social Welfare		2,546,233	2,099,958
State Services Commission		39,876	28,134
Statistics		9,743	8,204
Tourist and Publicity		17,301	10,767
Trade and Industry		35,386	38,413
Transport		139,052	120,990
Treasury		9,263	6,831
Valuation		7,195	6,939
Women's Affairs	25	45	..
Works and Development		130,740	96,045
Total, Consolidated Account		<u>\$6,702,776</u>	<u>\$5,703,501</u>
LOANS ACCOUNT			
Capital Participation in Crown and other organisations .. .		742	15,464
Energy (part vote)		95,600	74,615
Housing Corporation (Programmes III to V) .. .		67,000	..
Post Office		50,000	..
Rural Banking and Finance Corporation (Programme III) .. .		80,000	85,000
Total, Loans Account		<u>\$293,342</u>	<u>\$175,079</u>

should be read in conjunction with the accounts.

STATEMENTS OF THE PUBLIC DEBT OF NEW ZEALAND

These statements summarise the total amount outstanding in respect of loans raised by the Crown. The statements do not include the proceeds of any loans raised by organisations in their own names where the proceeds have been credited to any account other than the Public Accounts, e.g., loans raised by the New Zealand Railways Corporation, or loans raised by the Petroleum Corporation of New Zealand Ltd.

SUMMARY OF OUTSTANDING LOANS CHARGED ON THE PUBLIC REVENUES OF NEW ZEALAND

Published in terms of section 65 (1) (d) of the Public Finance Act 1977

Maturing Year Ending 31 March	Note	As at 30 September 1985 \$ (000)		As at 30 September 1984 \$ (000)	
		New Zealand	Overseas	New Zealand	Overseas
1985				482,961	1,467,085
1986		1,395,726	687,524	2,190,085	1,289,904
1987		2,042,797	903,688	1,485,382	845,442
1988		2,069,789	1,813,758	2,256,847	1,877,744
1989		3,008,684	726,699	3,236,893	2,244,033
1990		625,169	1,325,047	313,576	1,353,253
1991		1,613,666	839,008	420,559	653,311
1992		660,764	1,079,204	683,602	850,840
1993		1,080,703	897,682	919,747	681,935
1994		270,455	285,360	249,504	209,208
1995		714,844	2,471,059	100,000	31,028
1996		456,100	374,532		
1998			263,227		
2000		85,000		85,000	
2001			280,899		
2002		125,000		125,000	
2009			243,485		263,158
2015			247,433		79,344
Inf. Bonds	26	761,621		776,046	
Kiwi Sav. Stock		433,214		925,306	
Our N.Z. Bonds		48,899		67,986	
Prem. Stock		224,910		296,709	
Tsy. Bills		1,441,550		933,071	
Totals		17,058,891	12,438,605	15,548,274	11,846,285
			\$29,497,496		\$27,394,559

DETAILS OF OVERSEAS DOMICILED PUBLIC DEBT AS AT 30 SEPTEMBER 1985

\$(000)

Maturing Year Ending 31 March	Total	£Stg.	Deutsche-mark	Dutch Guilders	Japanese Yen	US\$	Swiss Francs	Aust.\$	Can.\$	Misc.
1986	687,524	29,640	358,496	24,047	37,212	11,563	219,967	2,139	3,043	1,417
1987	903,688	72,497	163,465	24,047	316,778	205,780	108,698	2,802	6,086	3,535
1988	1,813,758	307,260	205,177	24,047	395,093	677,701	191,302	1,452	6,086	5,640
1989	726,699	31,210	137,536	24,047	313,200	15,846	196,258	642	6,086	1,874
1990	1,325,047	277,472	238,997	60,118	442,167	11,439	293,731			1,123
1991	839,008	8,290	36,075		526,808	6,345	110,110			151,380
1992	1,079,204	7,907	340,458		494,540	5,391	230,613			295
1993	897,682	41,796	1,127		460,729	397	243,008			150,625
1994	285,360	2,467			233,331		49,562			
1995	2,471,059				504,232	1,872,659	94,168			
1996	374,532					374,532				
1998	263,227	263,227								
2001	280,899					280,899				
2009	243,485	243,485								
2015	247,433	247,433								
Totals	12,438,605	1,532,684	1,481,331	156,306	3,724,090	3,462,552	1,737,417	7,035	21,301	315,889

The notes on pages 5442 to 5453 form part of and should be read in conjunction with the accounts.

CHANGES IN THE PUBLIC DEBT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1985

	Outstanding 30 September 1985	Outstanding 31 March 1985	+ Increase - Decrease
	\$(000)	\$(000)	\$(000)
External debt—			
Pounds Sterling	1,532,684	1,659,084	- 126,400
Deutschemark	1,481,331	1,454,096	+ 27,235
Dutch Guilders	156,306	151,489	+ 4,817
Japanese Yen	3,724,090	3,820,598	- 96,508
United States dollars	3,462,552	3,416,701	+ 45,851
Swiss Francs	1,737,417	1,849,618	- 112,201
Australian dollars	7,035	10,517	- 3,482
Canadian dollars	21,301	28,604	- 7,303
Miscellaneous	315,889	18,787	+ 297,102
Internal debt—			
Long-term debt	15,617,341	15,537,137	+ 80,204
Floating debt	1,441,550	299,670	+ 1,141,880
Total	29,497,496	28,246,301	+ 1,251,195

TRANSACTIONS IN CONNECTION WITH THE PUBLIC DEBT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1985

	\$(000)										
	New Zealand	Overseas	£Stg.	Deutsche-mark	Dutch Guilders	Japanese Yen	US\$	Swiss Francs	Aust.\$	Can.\$	Misc.
Loans raised (gross value)—											
For general purposes	1,299,867	1,308,185	..	..	..	261,620	721,203	..	..	..	325,362
Capital equipment credit arrangements	..	22,675	4,029	..	..	8,588	10,058	..	..	..	..
For repayment of loans (incl. Tsy Bills)	3,500,030	274,952	274,952	..	..	..	..	..	..	..	..
Total, loans raised	4,799,897	1,605,812	278,981	..	..	270,208	731,261	..	..	..	325,362
Loans repaid—											
For general repayments (incl. Tsy Bills)	3,577,813	780,001	552,773	6,609	..	..	2,519	216,308	..	..	1,792
Capital equipment credit arrangements	..	46,658	18,759	..	..	8,379	12,857	1,039	1,938	3,043	643
IBRD	..	1,026	..	..	..	..	..	..	..	..	1,026
Total, loans repaid	3,577,813	827,685	571,532	6,609	..	8,379	15,376	217,347	1,938	3,043	3,461
Increase (decrease) in debt due to—											
1 June 1985 realignment	..	693,693	303,176	147,212	16,448	98,187	(68,644)	197,067	(643)	(79)	969
1 September 1985 realignment	..	(1,442,709)	(137,025)	(113,368)	(11,631)	(456,524)	(601,390)	(91,921)	(901)	(4,181)	(25,768)
Net increase (decrease) during the year	1,222,084	29,111	(126,400)	27,235	4,817	(96,508)	45,851	(112,201)	(3,482)	(7,303)	297,102
Public debt at 1 April 1985	15,836,807	12,409,494	1,659,084	1,454,096	151,489	3,820,598	3,416,701	1,849,618	10,517	28,604	18,787
Public debt at 30 September 1985	17,058,891	12,438,605	1,532,684	1,481,331	156,306	3,724,090	3,462,552	1,737,417	7,035	21,301	315,889
	\$29,497,496										

The notes on pages 5442 to 5453 form part of and should be read in conjunction with the accounts.

NOTES TO THE ACCOUNTS

1. Income Tax

Details of income tax are as follows:

	1985	1984
	\$(000)	\$(000)
Company	354,151	191,683
Fringe benefit tax	33,461	..
Individuals	3,598,775	2,764,293
Miscellaneous	29,265	22,879
	<u>\$4,015,652</u>	<u>\$2,978,855</u>

Income tax is net of refunds.

Refunds to exporters in terms of the Income Tax Act 1976 were \$93,279,182 for the six months ended 30 September 1985 and \$60,907,573 for the corresponding period in 1984.

2. Other Direct Taxation

Details of other direct taxation are as follows:

Estate and gift duty	13,715	20,508
Land tax	635	326
Property speculation tax	2	..
	<u>\$14,352</u>	<u>\$20,834</u>

3. Other Indirect Taxation

Details of other indirect taxation are as follows:

Domestic air travel tax	8,475	6,566
Duties payable by racing clubs	30,854	28,638
Energy resources levy	37,091	28,175
Film hire tax	413	825
less refunds	3,174	..
	<u>(2,761)</u>	..
International departure tax	9,111	9,862
Mileage tax .. .. .	..	2
Motor spirits tax	98,618	109,085
less refunds	1,193	(1,667)
	<u>97,425</u>	..
Motor vehicles, fees and charges	75,622	74,735
Stamp duties	69,602	53,843
	<u>\$325,419</u>	<u>\$310,064</u>

4. Interest on Capital Liabilities and Investments

Under section 99 of the Public Finance Act 1977, any money advanced from the Public Account to a government agency constitutes a capital liability of that agency upon which interest is paid at a rate or rates as determined by the Minister of Finance. This table accordingly discloses the moneys received by way of interest. Interest received on Public Account investments and on other loans is also disclosed in the table.

	1985	1984
	\$(000)	\$(000)
On capital liability—		
Air New Zealand Ltd.	385	..
Development Finance Corporation of New Zealand	192	2
Energy: Electricity	179,713	122,721
Energy: Mines	26,875	12,516
Housing	57,932	34,119
Housing Corporation of New Zealand	144,501	80,396
Maori Affairs	20,466	19,261
Natural Gas Corporation of New Zealand Ltd.	..	2,670
New Zealand Railways Corporation	1,767	2,556
Post Office	46,300	15,066
Revolving funds—		
Government Printing Office	989	..
Rural Banking and Finance Corporation of New Zealand	149,535	94,934
Tourist Hotel Corporation of New Zealand	1,299	..
	629,954	384,241
On other public money—		
New Zealand's investment in—		
Winstone-Samsung Industries Ltd.	511	712
Investments made in respect of the—		
Trust Account	167	167
Loans Account	2,778	1,272
Loans Redemption Account	26,709	29,498
On advances to—		
New Zealand Steel Ltd.	4,029	505
New Zealand Steel Development Ltd.	6,436	..
Petroleum Corporation of New Zealand Ltd.	16,167	..
Loans and advances to hospitals, local authorities, etc.	302	302
Loans to local authorities for harbour projects (IBRD loans)	90	116
	57,189	32,572
	\$687,143	\$416,813

5. Dividends

The following amounts were received by way of dividends during the six months:

Air New Zealand Ltd.	53,000	..
Bank of New Zealand	10,000	8,000
Petroleum Corporation of New Zealand Ltd.	..	14,000
Winstone-Samsung Industries Ltd.	..	3,931
	\$63,000	\$25,931

6. Profits

The following profits were received during the six months:

Housing Corporation of New Zealand	9,759	..
Reserve Bank of New Zealand	79,821	45,146
	\$89,580	\$45,146

7. Departmental Receipts

This note discloses the total amounts paid into the Consolidated Account to the credit of each department.

	1985	1984
	\$(000)	\$(000)
Agriculture and Fisheries	12,731	9,358
Audit	1,231	872
Commission for the Environment	1	1
Crown Law	1	12
Customs	975	579
Defence	5,372	4,337
Education	10,477	10,941
Energy (part vote)	79,431	13,340
Foreign Affairs	2,892	2,609
Forest Service	86,751	68,314
Health	1,110	1,019
Inland Revenue	1,327	965
Internal Affairs	4,044	3,490
Justice	37,758	32,466
Labour	1,566	1,045
Lands and Survey	36,379	41,045
Legislative	3	2
Maori Affairs	24,730	23,028
Police	2,291	3,483
Post Office (part vote)	37	91
Prime Minister's Department	2	1
Scientific and Industrial Research	4,457	3,138
Social Welfare	16,396	16,816
State Services Commission	1,220	1,422
Statistics	231	131
Tourist and Publicity	1,700	1,687
Trade and Industry	34,764	6,571
Transport	54,324	40,276
Treasury	2,677	2,255
Valuation	4,520	4,096
Women's Affairs	1	..
Works and Development	12,718	8,538
	\$442,117	\$301,928

8. Special Receipts

The following are details of this category of receipts:

	1985	1984
	\$(000)	\$(000)
Auckland Harbour Bridge Authority	503	750
<p>The Auckland Harbour Bridge Authority was dissolved on 31 March 1984. Investments in property and securities have been acquired by the New Zealand Government and these are being administered by the Ministry of Works and Development. The receipts represent principal repayment of short term investments.</p>		
Capital gains on realisation of investments (net)	13,725	(1,547)
<p>These are the net gains offset by losses made on the realisation of the investment of Public Account balances, etc.</p>		
Christmas Island Phosphate Commission		1,415
Gains/Losses obtained through currency conversion		
<p>Gains/Losses on currency conversion arise through either:</p> <p>—the conversion of public money from NZ\$ to another currency (and vice versa).</p> <p>—the recording in NZ currency of public money or of any part of the public debt that is held in a currency other than NZ\$</p>		
<p>Details are as follows—</p>		
Imprest	1,541	2,105
Investments		(2,753)
Public debt	17,011	(7,314)
Government Printing Office		11,970
Notional tax payments	5,611	440
<p>The receipts are payments to the Consolidated Account in lieu of Income Tax from—</p> <p>Government Printing Office \$790,000</p> <p>Computer Services Division \$4,820,973</p>		
Rural Banking and Finance Corporation		755
Reserve Bank—Surplus on agency transactions with I.M.F.		606
	<u>\$38,391</u>	<u>\$6,427</u>

9. Payments Under Permanent Appropriations—Consolidated Account

Details of permanent appropriations paid from the Consolidated Account are as follows:

	1985	1984
	\$(000)	\$(000)
CIVIL LIST		
His Excellency the Governor-General—		
Salary	30	23
Other expenses .. .	237	196
	<u>267</u>	<u>219</u>
Executive Council and Ministers—		
Salaries .. .	689	613
Allowances .. .	..	..
	<u>689</u>	<u>613</u>
Parliamentary Under-Secretaries—		
Salaries .. .	156	54
Allowances .. .	..	1
	<u>156</u>	<u>55</u>
Mr Speaker, House of Representatives—		
Salary .. .	30	29
Allowances .. .	1	1
	<u>31</u>	<u>30</u>
Chairman of Committees—		
Salary .. .	28	26
Allowances .. .	3	1
	<u>31</u>	<u>27</u>
Leader of the Opposition—		
Salary .. .	32	36
Allowances .. .	6	2
	<u>38</u>	<u>38</u>
Members of the House of Representatives—		
Salaries .. .	1,469	1,566
Allowances .. .	261	139
	<u>1,730</u>	<u>1,705</u>
Annuity to former Governor-General .. .	16	8
Annuity to widows of former Prime Ministers .. .	1	3
	<u>17</u>	<u>11</u>
	<u>\$2,959</u>	<u>\$2,698</u>
DEBT SERVICES		
Administration and management—		
Charges and expenses of raising and repaying loans .. .	18,598	3,582
Management charges .. .	4,911	2,651
	<u>23,509</u>	<u>6,233</u>
Interest—		
In New Zealand .. .	1,134,311	736,704
Overseas .. .	510,946	369,226
	<u>1,645,257</u>	<u>1,105,930</u>
	<u>\$1,668,766</u>	<u>\$1,112,163</u>

9. Payments Under Permanent Appropriations—Consolidated Account—continued

	1985	1984
	\$(000)	\$(000)
SUPERANNUATION		
Contribution to Government Superannuation Fund	82,829	68,367
Subsidy to Parliamentary Superannuation Account	156	170
Judges retiring allowances, annuities, and refunds of contributions	544	209
Contributions to other superannuation schemes	38	33
Contributions on refunds and transfer values	44	42
	<u>83,611</u>	<u>68,821</u>
MISCELLANEOUS		
Subsidy to National Provident Fund	6,629	3,562
Land Settlement interest on capital liability	20,466	19,261
Payment in respect of land and improvements, etc.	750	429
Annual payments to Maori Trust Boards	64	64
Contributions to national superannuation schemes	600	602
Coal Mines Amendment Act 1979 section 28—		
Payments to public authorities entitled	3	2
Exemptions from taxation, etc.	139	106
Grants for Maori purposes	10	6
Mining Act 1971—		
Grants to local authorities	163	152
Payments to parties entitled	22	11
Payments in terms of guarantees on loans to industry, etc.—		
Public Finance Act 1977, section 86 (2)—		
Development Finance Corporation	26,594	..
Timber Stockpile Ltd. .. .. .	..	533
Other Acts	286	47
Salaries of—		
Chief Judge and Judges of the Maori Land Court	229	189
Controller and Auditor-General and Deputy	60	53
District Court Judges	2,212	1,921
Family Court Judges	559	548
Judges of Arbitration Court and of Compensation Court	118	107
Judges of Court of Appeal and High Court	1,237	1,119
Ombudsmen	66	63
	<u>60,207</u>	<u>28,775</u>
Total, Consolidated Account Permanent Appropriations	<u>\$1,815,543</u>	<u>\$1,212,457</u>

10. Special Payments

Movements in Currency Values

Public Finance Act 1977, section 100—

Adjustment to Imprest Account balances and value of investments consequent on changes in exchange rates (Additional information is contained in Note 27.)

Imprest Account Balances	6,685	8,695
Investments	48,573	156,993
	<u>55,258</u>	<u>165,688</u>

11. Loans Raised in New Zealand

The following are details of loans raised in New Zealand during the six months:

	1985		1984
	\$(000)	\$(000)	\$(000)
Inflation adjusted Savings Bonds			72,027
Kiwi Savings Stock—			
17 percent 15 July 1987	13,259		
17 percent 15 November 1987	8,543		
17 percent 15 July 1989	13,862		
17 percent 15 November 1989	8,203		
		43,867	
Our New Zealand Bonds			67,669
Special Issues—			
16 percent 15 March 1987	9,000		
10 percent 15 May 1990	46,000		
16 percent 15 October 1990	11,400		
16 percent 15 March 1991	37,400		
16 percent 15 August 1993	21,100		
16 percent 15 April 1995	31,100		
		156,000	43,600
Tender Stock—			
16 percent 15 March 1987	125,000		
16 percent 15 October 1990	250,000		
16 percent 15 March 1991	300,000		
16 percent 15 April 1995	425,000		
		1,100,000	1,940,986
		\$1,299,867	\$2,124,282

12. Loans Raised Overseas

Loans raised overseas during the six months are as follows:

Cash Loans—			
Euroyen bridging facility			
Yen 30,000,000,000			
Var percent 12 April 1986	261,620		
European currency unit (Tranche A)			
ECU 100,000,000			
9.25 percent 12 June 1990	162,681		
European currency unit (Tranche B)			
ECU 100,000,000			
9.5 percent 12 June 1992	162,681		
Eurodollar Bond issue (Tranche A)			
US\$200,000,000			
10.25 percent 16 July 1995	412,116		
Eurodollar Bond issue (Tranche B)			
US\$150,000,000			
10.5 percent 16 July 2000	309,087		
		1,308,185	1,415,715
Capital equipment credit arrangements—			
11 percent 20 June 1989	10,057		
11 percent 11 September 1990	4,029		
7.75 percent 26 June 1991	8,589		
		22,675	18,612
		\$1,330,860	\$1,434,327

13. Loan Receipts Unallocated

With reference to the Statement of Accounting Policies, receipts for loan moneys paid into the Public Account are cleared from the Suspense Account and credited to the item loan receipts unallocated. This clears the Suspense Account of moneys which are identifiable as loan moneys but for which no final accounting documentation was received in Treasury at the end of the quarter.

	1985	1984
	\$(000)	\$(000)
14. Other Securities Issued		
Details of these are as follows:		
Securities issued to IMF—		
Non-negotiable, non-interest bearing notes	\$270,377	..
Securities issued I.B.R.D.—		
Non-negotiable, non-interest bearing notes .. .. .	..	\$4,830
	<u> </u>	<u> </u>

15. Permanent Appropriations, Loans Account

The following are details of payments made by way of permanent appropriation from the Loans Account:

Subscription to IBRD .. .. .	..	539
Subscription to IMF	2	..
Encashment of securities—IBRD .. .. .	..	60
Encashment of Securities—ADB	3,000	..
Charges and expenses of raising loans—		
In New Zealand—		
Discounts on tender stock	110,266	67,760
	<u>110,266</u>	<u>67,760</u>
Overseas—		
Commissions	3,924	14,498
Discounts .. .. .	..	16,994
	<u>3,924</u>	<u>31,492</u>
	114,190	99,252
	<u>\$117,192</u>	<u>\$99,851</u>

16. Capital equipment purchased under credit arrangements

The amount of capital equipment credit arrangements deducted is the value of goods acquired for which payment of the purchase price has been deferred.

The following are details of drawings made during the six months by departments under various capital equipment credit arrangements:

Defence .. .. .	..	13,208
Energy: Electricity	10,057	1,902
Post Office	12,618	15,723
	<u>22,675</u>	<u>30,833</u>

17. Loans Raised in Conversion of Maturing Loans, and Loans Converted

These are as follows:

	Maturity Year Ending 31 March	New Zealand \$(000)	Overseas \$(000)
Loans raised in conversion of maturing loans—			
	1986	107,196	..
	1987	23,000	..
		<u>130,196</u>	..
Loans converted—			
	1986	107,196	..
	1987	23,000	..
		<u>130,196</u>	..
Loans raised for the purpose of repaying loans—	1998	..	274,952
		<u>1985</u>	<u>1984</u>
	\$(000)	\$(000)	\$(000)

18. Money Received for Repayment of Loans and Advances

Details are as follows:

Capital Equipment Credit Arrangements—			
Energy: Electricity	17,342		9,715
Energy: Mines	388		346
New Zealand Railways Corporation	6,763		7,331
Post Office	11,563		4,524
Vote Defence	9,232		8,592
Vote Foreign Affairs	208		223
Vote Health	861		775
Vote State Services Commission .. .. .	..		247
Vote Transport (Airport Development)	301		420
		<u>46,658</u>	<u>32,173</u>
IBRD Loans—			
Harbour Boards	563		414
New Zealand Railways Corporation	463		367
		<u>1,026</u>	<u>781</u>
Other Loans and Advances—			
Air New Zealand Ltd.	500		..
Development Finance Corporation of New Zealand .. .. .	..		417
Natural Gas Corporation of New Zealand Ltd. .. .. .	..		4,671
New Zealand Steel Ltd.	6,000		..
Petroleum Corporation of New Zealand	18,849		..
Tourist Hotel Corporation of New Zealand	531		..
Winstone-Samsung Industries Ltd. .. .. .	..		10,000
		<u>25,880</u>	<u>15,088</u>
		<u>\$73,564</u>	<u>\$48,042</u>

19. Summary of Loans Repaid

<i>Six months ended 30 September 1984 \$(000)</i>		<i>Six months ended 30 September 1985 \$(000)</i>									
<i>New Zealand</i>	<i>Overseas</i>	<i>Maturing Year Ending 31 March</i>	<i>New Zealand</i>	<i>Overseas</i>	<i>£Stg.</i>	<i>Deutsche- mark</i>	<i>Japanese Yen</i>	<i>US\$</i>	<i>Swiss Francs</i>	<i>Aust.\$</i>	<i>Misc.</i>
451,463	668,977	1985	..	..	..	..	..	..	..	..	..
..	7,513	1986	442,180	554,042	548,259	..	520	4,800	..	..	463
..	6,900	1987	..	179,553	5,271	6,609	..	1,328	165,207	1,138	..
..	4,380	1988	45	5,020	2,608	..	..	208	..	412	1,792
..	7,883	1989	..	12,547	3,519	..	2,831	2,203	..	388	3,606
..	6,511	1990	..	10,725	3,445	..	..	3,976	3,304	..	..
..	1,453	1991	..	53,466	..	..	5,028	568	47,870	..	..
..	2,115	1992	..	2,936	..	..	..	2,293	..	..	643
..	1,147	1993	..	1,916	950	..	..	..	966	..	..
..	..	1994	..	2,672	2,672	..	..	..	..	..	..
..	..	2009	..	4,808	4,808	..	..	..	..	..	..
143	..	Death Duty	271	..	..	..	..	..	..	..	..
70,569	..	Inf. Bonds	27,248	..	..	..	..	..	..	..	..
87,251	..	Kiwi Sav. Stock	255,948	..	..	..	..	..	..	..	..
..	..	Our N.Z. Bonds	27,268	..	..	..	..	..	..	..	..
1,155	..	Prem. Stock	9,371	..	..	..	..	..	..	..	..
2,054,732	..	Tsy. Bills	2,358,150	..	..	..	..	..	..	..	..
6,368	..	Tap issues	457,332	..	..	..	..	..	..	..	..
2,671,681	706,879	Totals	3,577,813	827,685	571,532	6,609	8,379	15,376	217,347	1,938	6,504
<u>\$3,378,560</u>			<u>\$4,405,498</u>								

20. Taxation, National Roads Fund

Taxation paid into this Fund during the six months are as follows:

	1985	1984
	\$(000)	\$(000)
Motor spirits duty	91,577	70,781
Less refunds	3,237	3,765
	88,340	67,016
Road user charges	101,409	87,577
Less refunds	7,864	9,255
	93,545	78,322
Mileage tax .. .. .	..	10
Sales tax on compressed natural gas	6,414	3,032
Less refunds	107	108
	6,307	2,924
Sales tax on liquefied petroleum gas	4,061	1,444
Less refunds	385	377
	3,676	1,067
	\$191,868	\$149,339

21. Other Receipts, National Roads Fund

These are as follows—

Miscellaneous	689	954
Receipts from land and property	2,378	1,625
	\$3,067	\$2,579

22. Expenditure, National Roads Fund

State highways construction	18,783	22,773
State highways maintenance	43,882	36,196
Local authorities subsidised works	85,201	79,859
Purchases of land and property	1,708	2,632
Administration	10,053	8,622
General	1,076	965
	\$160,703	\$151,047

23. Suspense Account

As set out in the General Accounting Policy pertaining to recognition of receipts and payments the Suspense Account contains moneys received but not yet allocated to a particular fund or account.

24. Investments—Public Account Balances

Investments held in New Zealand decreased by \$1,126,000,000 and those held overseas decreased by \$139,678,000. The following table summarises, by currency, investment holdings for the six months ended 30 September 1985 and corresponding period in 1984:

Currency

Canadian dollar	9,859	9,534
Deutschemark	34,996	35,019
Dutch Guilder	25,783	26,347
French franc	197	855
Japanese yen	490,462	479,740
Pound sterling	85,571	76,110
Swiss franc	2,547	2,841
United States dollar	369,762	249,054
Total Overseas	1,019,177	879,500
New Zealand dollar	5,915	5,915
Total Investments held	\$1,025,092	\$885,415

25. Expenditure Statement

Expenditure for the following Votes were previously made from—

Ombudsmen—from Vote Legislative

Privacy Commissioner—from Vote Legislative

Women's Affairs—from Vote State Services Commission

26. The Public Debt of New Zealand—Inflation-adjusted Savings Bonds

This figure does not include the sum of \$334,343,486 being the assessment by the Reserve Bank of New Zealand of the obligation at 30 September 1985 in respect of the premium on redemption.

27. Movements in Currency Values

In accordance with the Particular Accounting Policy adopted in respect of foreign currencies exchange rates were officially realigned on 1 September 1985. The New Zealand dollar values of overseas public debt, investments, and cash holdings were adjusted accordingly. There were also several individual alterations during the quarter which necessitated adjustment to the New Zealand dollar values of the overseas investments and cash holdings concerned.

The total net decrease in the public debt of \$1,442,709,000 arising from 1 September 1985 realignment consisted of:

	Realignment 1 September 1985	
	Increase \$(000)	Decrease \$(000)
Loans denominated in—		
Australian dollar		901
Canadian dollar		4,181
Deutschemark		113,368
European currency unit		24,112
French franc		426
Indian rupee		812
Japanese yen		456,524
Dutch guilder		11,631
Pound sterling		137,025
Swiss franc		91,921
United States dollar		601,390
		1,442,291
IBRD loans (various currencies)		418
Net decrease	1,442,709	
	<u>\$1,442,709</u>	<u>\$1,442,709</u>

The total net increase of \$33,250,000 in the overseas investments consisted of:

	Realignment 1 September 1985	
	Increase \$(000)	Decrease \$(000)
Investments denominated in—		
Canadian dollar	268	
Deutschemark	1,233	
Dutch guilder	905	
French franc	6	
Japanese yen	15,967	
Pound sterling	3,610	
Swiss franc	234	
United States dollar	11,027	
	33,250	
Net Increase		33,250
	<u>\$33,250</u>	<u>\$33,250</u>

B. V. GALVIN,
Secretary to the Treasury.
30 October 1985

C. F. SPROULE,
Director, Financial Management, Treasury.
30 October 1985

REPORT OF THE AUDIT OFFICE

The Audit Office, having been appointed in terms of section 25 of the Public Finance Act 1977, has audited the summary of the receipts and payments for the six months ended 30 September 1985 as required by section 67 of that Act.

In the opinion of the Audit Office, The Summary of the Receipts and Payments appearing on pages 5430 to 5453 properly reflects, in accordance with the statement of accounting policies on page 5429 the balance of the public debt outstanding at 30 September 1985 and the transactions of the Public Account for the six months ended on that date.

J. W. CAMERON,
Deputy Controller and Auditor-General.
13 November 1985.