



SUPPLEMENT

TO THE

NEW ZEALAND GAZETTE

OF

THURSDAY, 21 AUGUST 1986

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SUMMARY

OF THE

RECEIPTS AND PAYMENTS

OF THE

PUBLIC ACCOUNT

FOR THE

THREE MONTHS ENDED 30 JUNE 1986



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 no change to the accounting policies.

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

SUMMARY INFORMATION

TABLE 1—SUMMARY OF PUBLIC ACCOUNT OPERATIONS	Three Months Ended 30 June 1986			Three Months Ended 30 June 1985
	\$(000)	\$(000)	\$(000)	\$(000)
RECEIPTS INTO PUBLIC ACCOUNT				
Taxation—				
Consolidated Account	2,868,700			2,274,312
National Roads Fund	99,701			88,861
		2,968,401		2,363,173
Interest, dividends and profits—				
Consolidated Account	339,852			368,853
Reserve Account	8,224			7,075
		348,076		375,928
Departmental and Special Receipts—				
Consolidated Account	254,025			228,848
National Roads Fund	2,313			1,186
		256,338		230,034
Repayment of loans and advances—				
Loans Redemption Account		16,510		46,319
Changes in balances—				
Increase in advances to Impreestees	(150,586)			(153,092)
Increase in Suspense Account	89,989			25,903
		(60,597)		(127,189)
			3,528,728	2,888,265
PAYMENTS FROM PUBLIC ACCOUNT				
Annual appropriations—				
Consolidated Account	3,868,937			3,162,397
Loans Account	157,675			107,600
		4,026,612		3,269,997
Permanent appropriations—				
Consolidated Account	864,175			829,779
Loans Account ¹	2,000			2
National Roads Fund	80,711			64,985
		946,886		894,766
Changes in balances—				
Net payments from Trust Account		63,144		17,872
Special Payments—				
Reserve Account		19,716		43
Unauthorised expenditure for services and purposes not provided for—				
National Roads Fund				2
			5,056,358	4,182,680
Deficit on operations			\$1,527,630	\$1,294,415

Footnote:

¹ Excludes charges and expenses of raising loans \$101,654,000.

SECTION

TABLE 2—SUMMARY OF
PUBLIC ACCOUNT FINANCING

	Three Months Ended 30 June 1986		Three Months Ended 30 June 1985
	\$(000)	\$(000)	\$(000)
NEW BORROWING			
Loans Account			
Borrowing in New Zealand and Overseas	2,232,831		1,432,197
<i>Less</i> purchases through capital equipment credit arrangements .. .. .	..		(14,954)
<i>Less</i> charges and expenses of raising loans	(101,654)		(59,103)
<i>Plus</i> premiums on issues	912		..
		2,132,089	1,358,140
Loans Redemption Account			
Borrowing in New Zealand and Overseas	4,961,054		1,345,480
<i>Less</i> charges and expenses of raising loans	(39,293)		(4,303)
		4,921,761	1,341,177
Net cash proceeds from new borrowing		7,053,850	2,699,317
REPAYMENTS			
Loans Redemption Account			
Repayments in New Zealand and Overseas		4,718,137	1,760,999
Net cash flow from borrowing		2,335,713	938,318
CHANGES IN BALANCES OF			
Cash at bank	(1,975,887)		(722,334)
Investments	1,167,804		1,078,431
		(808,083)	356,097
		\$1,527,630	\$1,294,415

CONSOLIDATED

RECEIPTS	Note	Three Months Ended 30 June 1986			Three Months Ended 30 June 1985
		\$(000)	\$(000)	\$(000)	\$(000)
Taxation					
Direct taxation—					
Income tax	1	2,076,562			1,570,247
Other tax	2	7,242			5,438
			2,083,804		1,575,685
Indirect taxation—					
Beer duty		57,900			50,518
Customs duty		153,051			200,194
Sales tax		422,658			320,157
Other taxation	3	151,287			127,758
			784,896		698,627
				2,868,700	2,274,312
Interest, Dividends and Profits—					
Interest on Capital Liabilities and Investments	4		339,852		289,032
Profits	5				79,821
				339,852	368,853
Departmental Receipts	6			182,651	185,869
Total Ordinary Receipts				3,391,203	2,829,034
Special Receipts	7			71,374	42,979
Deficit at end of three months				1,270,535	1,120,163
				<u>\$4,733,112</u>	<u>\$3,992,176</u>
Opening balance, 1 April 1986				121,460	117,153
				<u>\$121,460</u>	<u>\$117,153</u>

The notes on pages 3613 to 3622 form part of and

ACCOUNT

PAYMENTS	Note	Three Months Ended 30 June 1986	Three Months Ended 30 June 1985
Permanent appropriations	8	\$(000) 864,175	\$(000) 829,779
Annual appropriations <i>(For details, refer to Expenditure Statement on page 3609)</i>		3,868,937	3,162,397
Total Ordinary Payments		<u>4,733,112</u>	<u>3,992,176</u>
		<u>\$4,733,112</u>	<u>\$3,992,176</u>
Deficit at end of three months		1,270,535	1,120,163
Closing balance, 30 June 1986		(1,149,075)	(1,003,010)
		<u>\$121,460</u>	<u>\$117,153</u>

should be read in conjunction with the accounts.

LOANS

RECEIPTS	Note	Three Months Ended 30 June 1986	Three Months Ended 30 June 1985
		\$(000)	\$(000)
Loans raised— In New Zealand	9	1,660,220	594,536
Overseas			601,936
Loan receipts unallocated	10	572,611	235,725
Other Securities issued			270,377
Premium on issues		912	..
		<u>\$2,233,743</u>	<u>\$1,702,574</u>
Opening balance, 1 April 1986		69,125	104,604
Surplus at end of three months		<u>1,972,414</u>	<u>1,250,538</u>
		<u>\$2,041,539</u>	<u>\$1,355,142</u>

LOANS REDEMPTION

		\$(000)	\$(000)
Loans raised in conversion of maturing loans .. .. .		..	130,196
Loans raised for the purpose of repaying loans— Overseas— Cash loans	12	1,480,989	..
Treasury bills issued		3,480,065	1,345,480
Money received for repayment of loans and advances	13	16,490	46,313
Other money received			6
Deficit at end of three months .. .. .		..	373,503
		<u>\$4,977,564</u>	<u>\$1,895,498</u>
Opening balance, 1 April 1986		1,857,299	1,790,992
Surplus at end of three months		220,134	..
		<u>\$2,077,433</u>	<u>\$1,790,992</u>

The notes on pages 3613 to 3622 form part of and

ACCOUNT

PAYMENTS	Note	Three Months Ended 30 June 1986		Three Months Ended 30 June 1985
		\$(000)	\$(000)	\$(000)
Permanent appropriations	11		103,654	59,105
Annual appropriations (For details refer to Expenditure Statement on page 3609)			157,675	107,600
Capital equipment purchased under credit arrangements				14,954
Other Securities issued				270,377
Surplus at end of three months			1,972,414	1,250,538
			<u>\$2,233,743</u>	<u>\$1,702,574</u>
Closing balance, 30 June 1986			2,041,539	1,355,142
			<u>\$2,041,539</u>	<u>\$1,355,142</u>

ACCOUNT

		\$(000)	\$(000)	\$(000)
Loans converted— In New Zealand				130,196
Loans repaid— In New Zealand	14		609,860	447,387
Overseas			1,355,542	86,472
Treasury bills redeemed			2,752,735	1,227,140
Charges and expenses of raising and repaying loans— General		20,113		..
Flexible financing facilities rollover expenses		7,697		..
Premium on redemption, Inflation-adjusted savings bonds		11,483		4,303
			39,293	4,303
Surplus at end of three months			220,134	..
			<u>\$4,977,564</u>	<u>\$1,895,498</u>
Deficit at end of three months				373,503
Closing balance, 30 June 1986			2,077,433	1,417,489
			<u>\$2,077,433</u>	<u>\$1,790,992</u>

should be read in conjunction with the accounts.

NATIONAL ROADS

RECEIPTS	Note	Three Months Ended 30 June 1986	Three Months Ended 30 June 1985
		\$(000)	\$(000)
Taxation	15	99,701	88,861
Other receipts	16	2,313	1,186
		<u>\$102,014</u>	<u>\$90,047</u>
Opening balance, 1 April 1986		38,091	8,044
Surplus at end of three months		<u>21,303</u>	<u>25,060</u>
		<u>\$59,394</u>	<u>\$33,104</u>

RESERVE

	\$(000)	\$(000)
Interest on investments	8,224	7,075
Deficit at end of three months	<u>11,492</u>	<u>..</u>
	<u>\$19,716</u>	<u>\$7,075</u>
Opening balance, 1 April 1986	363,635	383,909
Surplus at end of three months	<u>..</u>	<u>7,032</u>
	<u>\$363,635</u>	<u>\$390,941</u>

TRUST

	\$(000)	\$(000)
Receipts through revolving funds	122,273	51,342
Other receipts	308,233	218,239
Deficit at end of three months	<u>63,144</u>	<u>17,872</u>
	<u>\$493,650</u>	<u>\$287,453</u>
Opening balance, 1 April 1986	93,776	39,347
	<u>\$93,776</u>	<u>\$39,347</u>

The notes on pages 3613 to 3622 form part of and

FUND

PAYMENTS	Note	Three Months Ended	Three Months Ended
		30 June 1986	30 June 1985
		\$(000)	\$(000)
Expenditure	17	80,711	64,985
Unauthorised expenditure under section 28A National Roads Act 1953 .. .. .		..	2
Surplus at end of three months		21,303	25,060
		<u>\$102,014</u>	<u>\$90,047</u>
Closing balance, 30 June 1986		59,394	33,104
		<u>\$59,394</u>	<u>\$33,104</u>

ACCOUNT

	\$(000)	\$(000)
Adjustment of value of investments consequent on changes in exchange rates	19,716	43
Surplus at end of three months .. .. .	..	7,032
	<u>\$19,716</u>	<u>\$7,075</u>
Deficit at end of three months	11,492	..
Closing balance, 30 June 1986	352,143	390,941
	<u>\$363,635</u>	<u>\$390,941</u>

ACCOUNT

	\$(000)	\$(000)
Payments through revolving funds	131,925	63,794
Other payments	361,725	223,659
	<u>\$493,650</u>	<u>\$287,453</u>
Deficit at end of three months	63,144	17,872
Closing balance, 30 June 1986	30,632	21,475
	<u>\$93,776</u>	<u>\$39,347</u>

should be read in conjunction with the accounts.

SUMMARY OF BALANCES

	Note	At 30 June 1986	At 30 June 1985
		\$(000)	\$(000)
Consolidated Account		(1,149,075)	(1,003,010)
Loans Account		2,041,539	1,355,142
Loans Redemption Account		2,077,433	1,417,489
National Roads Fund		59,394	33,104
Reserve Account		352,143	390,941
Suspense Account	18	92,092	26,789
Trust Account		30,632	21,475
		<u>\$3,504,158</u>	<u>\$2,241,930</u>

COMPOSITION OF BALANCES

	Note	At 30 June 1986	At 30 June 1985
		\$(000)	\$(000)
Cash		2,097,130	837,107
Imprests		263,695	259,884
Investments—	19		
In New Zealand		5,770	5,915
Overseas		1,137,563	1,139,024
		<u>\$3,504,158</u>	<u>\$2,241,930</u>

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, without the approval of the Minister of Finance 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 in the previous year.

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		1986	1985
CONSOLIDATED ACCOUNT		\$(000)	\$(000)
Accident Compensation		56	34
Agriculture and Fisheries		74,880	72,326
Audit		3,246	2,106
Broadcasting		78	50
Building Performance Guarantee Corporation		6	5
Commission for the Environment		629	372
Crown Law		985	736
Customs		14,130	8,905
Defence		189,667	142,285
Education		609,481	476,378
Energy (part vote)		13,872	36,817
Foreign Affairs		50,125	38,996
Forest Service		79,144	70,060
Government Life Insurance Corporation		10	9
Government Printing Office		20	892
Health		705,504	509,603
Housing Corporation (Programmes I and II)		77,432	62,835
Inland Revenue		36,952	22,888
Internal Affairs		29,775	25,156
Justice		57,166	40,780
Labour		144,108	113,862
Lands and Survey		21,654	29,169
Maori Affairs		19,251	12,687
Ombudsman	20	304	..
Parliamentary Service	20	5,353	3,905
Police		77,884	56,044
Post Office (part vote)		888	573
Prime Minister's Department		592	522
Privacy Commissioner	20	18	..
Railways		35	20
Rural Banking and Finance Corporation (Programmes I and II)		16,155	20,956
Scientific and Industrial Research		35,742	25,307
Security Intelligence Service		2,270	1,458
Social Welfare		1,340,686	1,197,398
State Services Commission		30,739	14,467
Statistics		9,739	4,453
Tourist and Publicity		8,017	8,517
Trade and Industry		52,869	14,835
Transport		80,423	66,845
Treasury		6,156	4,369
Valuation		5,693	3,752
Women's Affairs	20	169	..
Works and Development		67,034	72,025
Total, Consolidated Account		\$3,868,937	\$3,162,397

LOANS ACCOUNT

Energy (part vote)		83,675	47,600
Housing Corporation (Programmes III to V)		..	20,000
Post Office		74,000	..
Rural Banking and Finance Corporation (Programme III)		..	40,000
Total, Loans Account		\$157,675	\$107,600

and 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 June 1986 \$(000)		As at 30 June 1985 \$(000)	
		New Zealand	Overseas	New Zealand	Overseas
1986		..	..	2,031,528	1,340,308
1987		1,612,146	682,352	1,983,799	1,180,407
1988		2,069,787	1,377,856	2,069,834	2,042,994
1989		3,008,684	896,607	3,008,693	791,826
1990		1,461,495	1,585,671	625,169	1,439,138
1991		1,869,662	1,255,004	1,276,266	925,262
1992		2,252,310	1,803,158	660,766	1,178,517
1993		1,080,669	1,122,671	1,080,707	978,170
1994		773,754	826,621	249,355	316,564
1995		1,266,344	1,060,939	714,844	2,894,428
1996		456,100	361,011	187,500	..
1997		132,122	451,264	..	..
1998		..	543,331	..	..
2000		85,000	..	85,000	..
2001		..	902,527	..	..
2002		125,000	..	125,000	..
2006		..	361,011	..	..
2009		..	256,724	..	263,383
2011		..	270,758	..	..
2015		..	260,799	..	267,654
2017		..	361,011	..	..
Infl. Bonds	21	706,748	..	777,211	..
Kiwi Bonds		256,426	..	..	..
Kiwi Sav. Stock		331,326	..	508,288	..
Our N.Z. Bonds		32,182	..	71,102	..
Prem. Stock		26,674	..	229,224	..
Tsy. Bills		1,507,310	..	418,010	..
Totals		19,053,739	14,379,315	16,102,296	13,618,651
		<u><u>\$33,433,054</u></u>		<u><u>\$29,720,947</u></u>	

The notes on pages 3613 to 3622 form part of and

DETAILS OF OVERSEAS DOMICILED PUBLIC DEBT AS AT 30 JUNE 1986

Currency \$(000)

<i>Maturing Year Ending 31 March</i>	Total	<i>£Stg.</i>	<i>Deutsche- mark</i>	<i>Dutch Guilders</i>	<i>Japanese Yen</i>	<i>US\$</i>	<i>Swiss Francs</i>	<i>Aust.\$</i>	<i>Can.\$</i>	<i>European Currency Unit</i>	<i>Misc.</i>
1987	682,352	35,188	183,925	28,171	104,741	196,709	125,212	1,076	5,797	..	1,533
1988	1,377,856	317,306	241,186	28,171	533,338	22,568	222,064	1,395	5,797	..	6,031
1989	896,607	31,566	162,022	28,171	422,414	16,375	227,817	637	5,797	..	1,808
1990	1,585,671	283,872	280,769	70,427	596,461	12,128	340,963	..	..	..	1,051
1991	1,255,004	8,045	43,276	..	711,357	194,026	127,815	..	..	169,779	706
1992	1,803,158	7,650	399,515	..	667,785	456,401	271,531	..	..	..	276
1993	1,122,671	46,119	1,847	..	622,130	712	282,084	..	..	169,779	..
1994	826,621	2,755	..	..	315,070	451,264	57,532	..	..	..	..
1995	1,060,939	..	..	..	680,871	270,758	109,310	..	..	..	..
1996	361,011	..	..	..	..	361,011	..	..	..	..	..
1997	451,264	..	..	..	..	451,264	..	..	..	..	..
1998	543,331	543,331	..	..	..	..	..	..	..	..	..
2001	902,527	..	..	..	..	902,527	..	..	..	..	..
2006	361,011	..	..	..	..	361,011	..	..	..	..	..
2009	256,724	256,724	..	..	..	..	..	..	..	..	..
2011	270,758	..	..	..	..	270,758	..	..	..	..	..
2015	260,799	260,799	..	..	..	..	..	..	..	..	..
2017	361,011	..	..	..	..	361,011	..	..	..	..	..
	14,379,315	1,793,355	1,312,540	154,940	4,654,167	4,328,523	1,764,328	3,108	17,391	339,558	11,405

should be read in conjunction with the accounts.

CHANGES IN THE PUBLIC DEBT FOR THE THREE MONTHS ENDED 30 JUNE 1986

	Outstanding 30 June 1986	Outstanding 31 March 1986	+ Increase - Decrease
	\$(000)	\$(000)	\$(000)
External debt—			
Pounds Sterling	1,793,355	1,905,125	- 111,770
Deutschemark	1,312,540	1,419,145	- 106,605
Dutch Guilders	154,940	166,037	- 11,097
European currency unit	339,558	397,298	- 57,740
Japanese Yen	4,654,167	4,579,490	+ 74,677
United States dollars	4,328,523	4,362,524	- 34,001
Swiss Francs	1,764,328	1,858,682	- 94,354
Australian dollars	3,108	4,924	- 1,816
Canadian dollars	17,391	18,116	- 725
Miscellaneous	11,405	14,856	- 3,451
Internal debt—			
Long-term debt	17,546,429	16,496,069	+ 1,050,360
Floating debt	1,507,310	779,980	+ 727,330
Total	33,433,054	32,002,246	+ 1,430,808

TRANSACTIONS IN CONNECTION WITH THE PUBLIC DEBT FOR THE THREE MONTHS ENDED 30 JUNE 1986

	Currency \$(000)											
	New Zealand	Overseas	£Stg.	Deutsche-mark	Dutch Guilders	Japanese Yen	US\$	Swiss Francs	Aust.\$	Can.\$	European Currency Unit	Misc.
Loans raised (gross value)—												
For general purposes	1,660,220	..	..	..	..	..	..	..	..	..	..	..
For repayment of loans (incl. Tsy Bills)	3,480,065	1,480,989	..	..	..	1,480,989	..	..	..	..	..	..
Total, loans raised	5,140,285	1,480,989	..	..	..	1,480,989	..	..	..	..	..	..
Loans repaid—												
For general repayments (incl. Tsy Bills)	3,362,595	1,339,052	31,297	8,510	..	1,297,168	..	..	..	..	..	2,077
Capital equipment credit arrangements	..	16,490	8,858	..	..	2,582	2,057	1,017	1,680	..	..	296
Total, loans repaid	3,362,595	1,355,542	40,155	8,510	..	2,582	1,299,225	1,017	1,680	..	..	2,373
Increase (decrease) in debt due to—												
1 June 1986 realignment	..	(472,329)	(71,615)	(98,095)	(11,097)	77,259	(215,765)	(93,337)	(136)	(725)	(57,740)	(1,078)
Net increase (decrease) during the year	1,777,690	(346,882)	(111,770)	(106,605)	(11,097)	74,677	(34,001)	(94,354)	(1,816)	(725)	(57,740)	(3,451)
Public debt at 1 April 1986	17,276,049	14,726,197	1,905,125	1,419,145	166,037	4,579,490	4,362,524	1,858,682	4,924	18,116	397,298	14,856
Public debt at 30 June 1986	19,053,739	14,379,315	1,793,355	1,312,540	154,940	4,654,167	4,328,523	1,764,328	3,108	17,391	339,558	11,405
	\$33,433,054											

The notes on pages 3613 to 3622 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:

	1986	1985
	\$(000)	\$(000)
Company	(20,407)	48,868
Fringe benefit tax	36,776	4
Individuals	2,029,055	1,505,032
Miscellaneous	31,138	16,343
	<u>\$2,076,562</u>	<u>\$1,570,247</u>

Income tax is net of refunds.

Refunds to exporters in terms of the Income Tax Act 1976 were \$48,054,955 for the three months ended 30 June 1986 and \$43,741,277 for the corresponding period in 1985.

2. Other Direct Taxation

Details of other direct taxation are as follows:

Estate and gift duty	6,220	5,016
Land tax	1,020	422
Property speculation tax	2	..
	<u>\$7,242</u>	<u>\$5,438</u>

3. Other Indirect Taxation

Details of other indirect taxation are as follows:

Domestic air travel tax		5,136	4,399
Duties payable by racing clubs		18,241	15,970
Energy resources levy		21,729	17,828
Film hire tax			350
less refunds			(3,173)
International departure tax		4,282	4,695
Motor spirits tax	50,939		51,279
less refunds	516		(544)
		<u>50,423</u>	
Motor vehicles, fees and charges		8,239	4,332
Payroll tax		98	..
Stamp duties		43,139	32,622
		<u>\$151,287</u>	<u>\$127,758</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.

	1986		1985
	\$(000)	\$(000)	\$(000)
On capital liability—			
Air New Zealand Ltd.			210
Development Finance Corporation of New Zealand	193		
Energy: Electricity	88,304		88,121
Energy: Mines	15,526		13,111
Housing	30,946		28,963
Housing Corporation of New Zealand	78,087		71,704
Maori Affairs			20,466
New Zealand Railways Corporation	602		977
Post Office	37,791		6,271
Revolving funds—			
Government Printing Office			989
Rural Banking and Finance Corporation of New Zealand	76,273		20,947
Tourist Hotel Corporation of New Zealand			1,298
		327,722	253,057
On other public money—			
New Zealand's investment in—			
Winstone-Samsung Industries Ltd.			511
Investments made in respect of the—			
Trust Account	155		139
Loans Account			2,377
Loans Redemption Account	11,821		17,836
On advances to—			
New Zealand Steel Ltd.			505
New Zealand Steel Development Ltd.			3,472
Petroleum Corporation of New Zealand Ltd.			10,889
Loans and advances to hospitals, local authorities etc.,	154		246
		12,130	35,975
		\$339,852	\$289,032

5. Profits

The following profits were received during the corresponding period in 1985:

Reserve Bank of New Zealand	\$79,821
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6. Departmental Receipts

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

	1986	1985
	\$(000)	\$(000)
Agriculture and Fisheries	8,249	5,327
Audit	1,127	502
Commission for the Environment .. .. .	..	1
Crown Law	6	..
Customs	744	363
Defence	3,015	1,584
Education	3,504	4,406
Energy (part vote)	22,270	36,660
Foreign Affairs	1,045	1,686
Forest Service	44,498	34,696
Health	678	564
Inland Revenue	36	126
Internal Affairs	2,671	1,812
Justice	21,325	17,437
Labour	816	421
Lands and Survey	7,450	21,255
Maori Affairs	10,641	9,456
Parliamentary Service	1	1
Police	901	905
Post Office (part vote)	20	15
Prime Minister's Department	1	..
Scientific and Industrial Research	1,818	824
Social Welfare	10,167	8,146
State Services Commission	646	521
Statistics	168	65
Tourist and Publicity	907	739
Trade and Industry	896	2,627
Transport	28,716	24,414
Treasury	1,121	2,013
Valuation	3,172	3,720
Women's Affairs	3	..
Works and Development	6,039	5,583
	<u>\$182,651</u>	<u>\$185,869</u>

7. Special Receipts

The following are details of this category of receipts:

	1986	1985
	\$(000)	\$(000)
Auckland Harbour Bridge Authority	932	303
<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)	365	10,377
<p>These are the net gains offset by losses made on the realisation of the investment of Public Account balances, etc.</p>		
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>The following amounts relate to exchange transactions in connection with—</p>		
Imprest	1,615	(394)
Investments	24,882	..
Public debt	7,753	(8,106)
Import Licence Premiums	13,979	14,833
<p>The receipts are in respect of increased import licence allocations offered by way of tender to interested parties. During 1985/86 the receipts were recorded as departmental receipts, Trade and Industry.</p>		
Movements in Currency Values		
<p>Public Finance Act 1977, section 100—</p> <p>Adjustment of Imprest Account balances and value of investments consequent on changes in exchange rates (Additional information is contained in Note 22)</p>		
Imprest Account Balances	(439)	(269)
Investments	22,287	26,235
	<u>\$71,374</u>	<u>\$42,979</u>

8. Payments Under Permanent Appropriations—Consolidated Account

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

	1986	1985
	\$(000)	\$(000)
CIVIL LIST		
His Excellency the Governor-General—		
Salary	15	15
Other expenses	177	115
	<u>192</u>	<u>130</u>
Executive Council and Ministers—		
Salaries	500	378
Allowances .. .. .	..	..
	<u>500</u>	<u>378</u>
Parliamentary Under-Secretaries—		
Salaries	113	85
Allowances .. .. .	..	..
	<u>113</u>	<u>85</u>
Mr Speaker, House of Representatives—		
Salary	24	15
Allowances .. .. .	..	..
	<u>24</u>	<u>15</u>
Chairman of Committees—		
Salary	21	15
Allowances	1	1
	<u>22</u>	<u>16</u>
Leader of the Opposition—		
Salary	24	17
Allowances	4	2
	<u>28</u>	<u>19</u>
Members of the House of Representatives—		
Salaries	1,064	787
Allowances	141	74
	<u>1,205</u>	<u>861</u>
Annuity to former Governor-General	8	4
Annuity to former Prime Ministers	24	1
Annuity to widows of former Prime Ministers .. .. .	..	1
	<u>32</u>	<u>6</u>
	<u>\$2,116</u>	<u>\$1,510</u>
DEBT SERVICES		
Administration and management—		
Charges and expenses of raising and repaying loans	378	5,152
Management charges	2,243	2,738
	<u>2,621</u>	<u>7,890</u>
Interest—		
In New Zealand	518,750	479,350
Overseas	273,869	269,264
	<u>792,619</u>	<u>748,614</u>
	<u>\$795,240</u>	<u>\$756,504</u>

8. Payments Under Permanent Appropriations—Consolidated Account—continued

	1986	1985
	\$(000)	\$(000)
SUPERANNUATION		
Contribution to Government Superannuation Fund	58,560	43,540
Subsidy to Parliamentary Superannuation Account	94	72
Judges retiring allowances, annuities, and refunds of contributions	488	218
Contributions to other superannuation schemes	22	19
Contributions on refunds and transfer values	783	16
	<u>\$59,947</u>	<u>\$43,865</u>
MISCELLANEOUS		
Crown Proceedings Act 1950, Section 24 (3)		
Judgment damages awarded to—		
Takaro Properties Ltd	762	..
Subsidy to National Provident Fund	1,973	3,788
Land Settlement interest on capital liability .. .. .	..	20,466
Payment in respect of land and improvements, etc.	42	514
Annual payments to Maori Trust Boards	62	64
Contributions to national superannuation schemes	300	300
Exemptions from taxation, etc.	65	52
Grants for Maori purposes	3	4
Mining Act 1971—		
Grants to local authorities	141	..
Payments to parties entitled	4	6
Payments in terms of guarantees on loans to industry, etc.	72	260
Salaries of—		
Chief Judge and Judges of the Maori Land Court	163	125
Controller and Auditor-General and Deputy	44	32
District Court Judges	1,806	1,197
Family Court Judges	346	316
Judges of Arbitration Court and of Compensation Court	95	65
Judges of Court of Appeal and High Court	948	675
Ombudsmen	46	36
	<u>\$6,872</u>	<u>\$27,900</u>
Total, Consolidated Account Permanent Appropriations	<u>\$864,175</u>	<u>\$829,779</u>

9. Loans Raised in New Zealand

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

	1986	1985
	\$(000)	\$(000)
Kiwi Bonds—		
14 percent various	1,126	..
14.5 percent various	503	..
15 percent various	1,657	..
17 percent various	1,418	..
17.5 percent various	6,237	..
18.5 percent various	3,538	..
19.5 percent various	34	..
20 percent various	16	..
	<u>14,529</u>	..
Kiwi Savings Stock .. .. .	..	24,636
Special Issues .. .. .	..	69,900
Tender Stock—		
16 percent 15 September 1989	461,000	..
14 percent 15 November 1989	55,430	..
16 percent 15 June 1991	371,400	..
14 percent 15 September 1991	354,039	..
16 percent 15 July 1994	271,700	..
14 percent 15 October 1996	132,122	..
	<u>1,645,691</u>	500,000
	<u>\$1,660,220</u>	<u>\$594,536</u>

10. 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.

11. Permanent Appropriations, Loans Account

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

	1986	1985
	\$(000)	\$(000)
Subscription to IMF .. .. .	..	2
Encashment of securities—ADB	2,000	..
Charges and expenses of raising loans—		
In New Zealand—		
Discounts on tender stock	101,654	57,883
Overseas—		
Commissions .. .. .	..	1,220
	<u>101,654</u>	<u>59,103</u>
	<u>\$103,654</u>	<u>\$59,105</u>

12. Loans raised for the purpose of repaying loans

These are as follows:

	Maturity Year Ending 31 March	New Zealand \$(000)	Overseas \$(000)
Loans raised for the purpose of repaying loans—			
	1991	..	187,970
	1994	..	463,898
	1997	..	451,263
	2017	..	377,858
			<u>1,480,989</u>

13. Money Received for Repayment of Loans and Advances

Details are as follows:

	1986	1985
	\$(000)	\$(000)
Capital Equipment Credit Arrangements—		
Energy: Electricity	6,766	6,858
Energy: Mines	329	388
New Zealand Railways Corporation	2,654	3,659
Post Office	6,563	11,563
Vote Defence .. .. .	..	3,351
Vote Transport (Airport Development)	178	151
	<u>16,490</u>	<u>25,970</u>
IBRD Loans—		
New Zealand Railways Corporation .. .. .	..	463
Other Loans and Advances—		
Air New Zealand Ltd. .. .. .	..	500
Petroleum Corporation of New Zealand .. .. .	..	18,849
Tourist Hotel Corporation of New Zealand .. .. .	..	531
	..	19,880
	<u>\$16,490</u>	<u>\$46,313</u>

14. Summary of Loans Repaid

Year ended 30 June 1985 \$(000)		Three months ended 30 June 1986 Currency \$(000)									
New Zealand	Overseas	Maturing Year Ending 31 March	New Zealand	Overseas	£Sig.	Deutsche- mark	Japanese Yen	US\$	Swiss Francs	Aust.\$	Misc.
263,710	800	1986	..	..	..	..	..	..	..	..	..
..	12,382	1987	260,652	41,009	31,297	8,510	..	201	..	1,001	..
..	2,541	1988	..	668,083	257	..	..	665,399	..	350	2,077
..	4,249	1989	..	3,089	178	..	2,582	..	..	329	..
..	3,445	1990	..	3,337	3,337	..	..	..	..	..	..
..	52,645	1991	..	2,861	1,844	..	..	..	1,017	..	..
..	2,619	1992	..	2,152	..	..	..	1,856	..	..	296
..	311	1993	..	379	379	..	..	..	..	..	..
..	2,672	1994	..	2,863	2,863	..	..	..	..	..	..
..	..	1995	..	631,769	..	..	..	631,769	..	..	..
..	4,808	2009	..	..	..	..	..	..	..	..	..
51	..	Death Duty	129	..	..	..	..	..	..	..	..
11,657	..	Infl. Bonds	20,148	..	..	..	..	..	..	..	..
..	..	Kiwi Bonds	48	..	..	..	..	..	..	..	..
161,847	..	Kiwi Sav. Stock	23,019	..	..	..	..	..	..	..	..
5,065	..	Our N.Z. Bonds	8,579	..	..	..	..	..	..	..	..
5,057	..	Prem. Stock	23,554	..	..	..	..	..	..	..	..
..	..	Tender Stock	273,731	..	..	..	..	..	..	..	..
1,227,140	..	Tsy. Bills	2,752,735	..	..	..	..	..	..	..	..
1,674,527	86,472	Totals	3,362,595	1,355,542	40,155	8,510	2,582	1,299,225	1,017	1,680	2,373
<u>\$1,760,999</u>			<u>\$4,718,137</u>								

15. Taxation, National Roads Fund

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

		1986	1985
	\$(000)	\$(000)	\$(000)
Motor spirits duty	45,574		45,705
Less refunds	1,709		1,166
		43,865	44,539
Road user charges	51,975		43,561
Less refunds	2,936		3,176
		49,039	40,385
Mileage tax		1	..
Sales tax on compressed natural gas	4,210		2,601
Less refunds	57		42
		4,153	2,559
Sales tax on liquefied petroleum gas	2,941		1,513
Less refunds	298		135
		2,643	1,378
		\$99,701	\$88,861

16. Other Receipts, National Roads Fund

These are as follows—

Miscellaneous	440	320
Receipts from land and property	1,873	866
	\$2,313	\$1,186

17. Expenditure, National Roads Fund

State highways construction	11,766	8,507
State highways maintenance	27,004	18,060
Local authorities subsidised works	38,681	37,604
Purchases of land and property	1,151	487
Administration	1,586	..
General	523	327
	\$80,711	\$64,985

18. 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.

19. Investments—Public Account Balances

Investments held in New Zealand decreased by \$1,186,100,000 and those held overseas increased by \$18,296,000. The following table summarises, by currency, investment holdings for the three months ended 30 June 1986 and corresponding period in 1985:

<i>Currency</i>			
Canadian dollar		10,064	10,773
Deutschemark		47,152	39,672
Dutch guilder		34,300	28,824
French franc .. .. .		..	220
Japanese yen		550,065	542,626
Pound sterling		102,369	91,558
Swiss franc		1,099	5,519
United States dollar		392,514	419,832
Total Overseas		1,137,563	1,139,024
New Zealand dollar		5,770	5,915
Total Investments held		\$1,143,333	\$1,144,939

20. Expenditure Statement

Expenditure for the following Votes was previously made from—

Ombudsmen—from Vote Legislative

Privacy Commissioner—from Vote Legislative

Women's Affairs—from Vote State Services Commission

Parliamentary Service—replaced Legislative Department from 1 October 1985.

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

This figure does not include the sum of \$382,976,031 being the assessment by the Reserve Bank of New Zealand of the obligation at 30 June 1986 in respect of the premium on redemption.

22. Movements in Currency Values

In accordance with the Particular Accounting Policy adopted in respect of foreign currencies exchange rates were officially realigned on 1 June 1986. 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 \$472,329,000 arising from 1 June 1986 realignment consisted of:

	Realignment 1 June 1986	
	Increase (\$000)	Decrease \$(000)
Loans denominated in—		
Australian dollar		136
Canadian dollar		725
Deutschemark		98,095
European currency unit		57,740
French franc		486
Indian rupee		468
Japanese yen	77,259	..
Dutch guilder		11,097
Pound sterling		71,615
Swiss franc		93,337
United States dollar		215,765
	<u>77,259</u>	<u>549,464</u>
IBRD loans (various currencies)		124
Net decrease	<u>472,329</u>	<u>..</u>
	<u>\$549,588</u>	<u>\$549,588</u>

The total net decrease of \$10,798,000 in the overseas investments consisted of:

	Realignment 1 June 1986	
	Increase \$(000)	Decrease \$(000)
Investments denominated in—		
Canadian dollar	102	..
Deutschemark		1,483
Dutch guilder		1,030
French franc		7
Japanese yen		12,003
Pound sterling		1,231
Swiss franc		15
United States dollar	4,869	..
	<u>4,971</u>	<u>15,769</u>
Net decrease	<u>10,798</u>	<u>..</u>
	<u>\$15,769</u>	<u>\$15,769</u>

B. V. Galvin,
Secretary to the Treasury.
30 July 1986

R. C. W. Hamilton,
Director, Financial Management, Treasury.
30 July 1986

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 three months ended 30 June 1986 as required by section 67 of that Act.

In the opinion of the Audit Office, the Summary of Receipts and Payments appearing on pages 3600 to 3622 properly reflects, in accordance with the statement of accounting policies on page 3599 the balance of the public debt outstanding at 30 June 1986 and the transactions of the Public Account for the three months ended on that date.

J. W. Cameron
Deputy Controller and Auditor-General.
13 August 1986.

