



SUPPLEMENT

TO THE

NEW ZEALAND GAZETTE

OF

THURSDAY, 27 NOVEMBER 1986

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SUMMARY

OF THE

RECEIPTS AND PAYMENTS

OF THE

PUBLIC ACCOUNT

FOR THE

SIX MONTHS ENDED 30 SEPTEMBER 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 Impreestees 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

	Six Months Ended 30 September 1986			Six Months Ended 30 September 1985
	\$(000)	\$(000)	\$(000)	\$(000)
RECEIPTS INTO PUBLIC ACCOUNT				
Taxation—				
Consolidated Account	6,560,803			5,601,774
National Roads Fund	196,337			191,868
		6,757,140		5,793,642
Interest, dividends and profits—				
Consolidated Account	712,824			844,544
Reserve Account	20,270			10,749
		733,094		855,293
Departmental and Special Receipts—				
Consolidated Account	732,806			401,877
National Roads Fund	6,450			3,067
Reserve Account	48,860			(60,202)
		788,116		344,742
Repayment of loans and advances—				
Loans Redemption Account		37,066		73,573
Changes in balances—				
Increase in advances to Impreestees	(257,783)			(197,286)
Increase in Suspense Account	10,972			26,231
Net receipts from Trust Account	13,541			(14,872)
		(233,270)		(185,927)
			8,082,146	6,881,323
PAYMENTS FROM PUBLIC ACCOUNT				
Annual appropriations—				
Consolidated Account ¹	8,953,477			6,702,776
Loans Account	205,175			293,342
		9,158,652		6,996,118
Permanent appropriations—				
Consolidated Account	2,028,486			1,815,543
Loans Account ²	2,002			3,002
National Roads Fund	162,757			160,703
		2,193,245		1,979,248
Special Payments—				
Consolidated Account		9,563		(18,552)
Unauthorised expenditure for services and purposes not provided for—				
National Roads Fund		1		3
			11,361,461	8,956,817
Deficit on operations			\$3,279,315	\$2,075,494

Footnotes:

¹ Includes a payment for debt restructuring of \$743.4 million being part of the \$800 million debt restructure of Petrocorp. The remaining debt of \$56.5 million has been written off.

² Excludes charges and expenses of raising loans \$208,787,000.

SECTION

TABLE 2—SUMMARY OF
PUBLIC ACCOUNT FINANCING

	Six Months Ended 30 September 1986		Six Months Ended 30 September 1985
	\$(000)	\$(000)	\$(000)
NEW BORROWING			
Loans Account			
Borrowing in New Zealand and Overseas	3,470,172		2,814,271
<i>Less purchases through capital equipment credit arrangements³</i>	(352)		(22,675)
<i>Less charges and expenses of raising loans</i>	(208,787)		(114,190)
<i>Plus premiums on issues</i>	6,689		..
		3,267,722	2,677,406
Loans Redemption Account			
Borrowing in New Zealand and Overseas	10,199,407		3,774,982
<i>Less charges and expenses of raising and repaying loans</i>	(88,104)		(12,666)
		10,111,303	3,762,316
Net cash proceeds from new borrowing		13,379,025	6,439,722
REPAYMENTS			
Loans Redemption Account			
Repayments in New Zealand and Overseas		8,691,505	4,405,498
Net cash flow from borrowing		4,687,520	2,034,224
CHANGES IN BALANCES OF—			
Cash at bank	(630,251)		(1,157,008)
Investments	(777,954)		1,198,278
		(1,408,205)	41,270
		\$3,279,315	\$2,075,494

Footnote:

³ The amount of capital equipment credit arrangements deducted is the value of goods acquired for which payment of the purchase price has been deferred.

CONSOLIDATED

RECEIPTS	Note	Six Months Ended 30 September 1986			Six Months Ended 30 September 1985
		\$(000)	\$(000)	\$(000)	\$(000)
Taxation					
Direct taxation—					
Income tax	1	4,951,541			4,015,652
Other tax	2	17,702			14,352
			4,969,243		4,030,004
Indirect taxation—					
Beer duty		109,024			104,058
Customs duty		355,240			407,780
Sales tax		774,147			734,513
Other taxation	3	353,149			325,419
			1,591,560		1,571,770
				6,560,803	5,601,774
Interest, Dividends and Profits—					
Interest on Capital Liabilities and Investments	4		685,524		691,964
Dividends	5		17,300		63,000
Profits	6		10,000		89,580
				712,824	844,544
Departmental Receipts	7			458,543	412,591
Total Ordinary Receipts				7,732,170	6,858,909
Special Receipts	8			274,263	(10,714)
Deficit at end of six months				2,985,093	1,651,572
				\$10,991,526	\$8,499,767
Opening balance, 1 April 1986				121,460	117,153
				\$121,460	\$117,153

The notes on pages 5171 to 5182 form part of and

ACCOUNT

PAYMENTS	Note	Six Months Ended 30 September 1986	Six Months Ended 30 September 1985
		\$(000)	\$(000)
Permanent appropriations	9	2,028,486	1,815,543
Annual appropriations <i>(For details, refer to Expenditure Statement on page 5167)</i>		8,953,477	6,702,776
Total Ordinary Payments		10,981,963	8,518,319
Special Payments	10	9,563	(18,552)
		<u>\$10,991,526</u>	<u>\$8,499,767</u>
Deficit at end of six months		2,985,093	1,651,572
Closing balance, 30 September 1986		(2,863,633)	(1,534,419)
		<u>\$121,460</u>	<u>\$117,153</u>

should be read in conjunction with the accounts.

LOANS

RECEIPTS	Note	Six Months Ended	Six Months Ended
		30 September 1986	30 September 1985
		\$(000)	\$(000)
Loans raised—			
In New Zealand	11	3,032,263	1,299,867
Overseas	12	352	1,330,860
			<u>2,630,727</u>
Loan receipts unallocated	13		437,557
Other Securities issued			270,377
Premiums on issues			6,689
			<u>\$3,476,861</u>
			<u>\$3,084,648</u>
Opening balance, 1 April 1986			69,125
Surplus at end of six months			3,060,545
			<u>\$3,129,670</u>
			<u>\$2,485,666</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	16	4,057,062	274,952
Treasury bills issued		6,142,345	3,500,030
Money received for repayment of loans and advances	17	37,042	73,564
Other money received		24	9
Deficit at end of six months			569,609
			<u>\$10,236,473</u>
			<u>\$4,548,360</u>
Opening balance, 1 April 1986			1,857,299
Surplus at end of six months			1,456,864
			<u>\$3,314,163</u>
			<u>\$1,790,992</u>

The notes on pages 5171 to 5182 form part of and

ACCOUNT

PAYMENTS	Note	Six Months Ended	
		30 September 1986	30 September 1985
		\$(000)	\$(000)
Permanent appropriations	14	210,789	117,192
Annual appropriations (For details refer to Expenditure Statement on page 5167)		205,175	293,342
Capital equipment purchased under credit arrangements	15	352	22,675
Other Securities issued .. .. .		..	270,377
Surplus at end of six months		3,060,545	2,381,062
		<u>\$3,476,861</u>	<u>\$3,084,648</u>
Closing balance, 30 September 1986		3,129,670	2,485,666
		<u>\$3,129,670</u>	<u>\$2,485,666</u>

ACCOUNT

		\$(000)	\$(000)	\$(000)
Loans converted— In New Zealand .. .. .			..	130,196
Loans repaid— In New Zealand	18	1,053,106		1,219,663
Overseas		1,575,664		827,685
			2,628,770	2,047,348
Treasury bills redeemed			6,062,735	2,358,150
Charges and expenses of raising and repaying loans— General		47,414		440
Flexible financing facilities rollover expenses		13,785		..
Premium on redemption, Inflation-adjusted savings bonds		26,905		12,226
			88,104	12,666
Surplus at end of six months			1,456,864	..
			<u>\$10,236,473</u>	<u>\$4,548,360</u>
Deficit at end of six months .. .. .			..	569,609
Closing balance, 30 September 1986			3,314,163	1,221,383
			<u>\$3,314,163</u>	<u>\$1,790,992</u>

should be read in conjunction with the accounts.

NATIONAL ROADS

RECEIPTS	Note	Six Months	Six Months
		Ended 30 September 1986	Ended 30 September 1985
		\$(000)	\$(000)
Taxation	19	196,337	191,868
Other receipts	20	6,450	3,067
		<u>\$202,787</u>	<u>\$194,935</u>
Opening balance, 1 April 1986		38,091	8,044
Surplus at end of six months		40,029	34,229
		<u>\$78,120</u>	<u>\$42,273</u>

RESERVE

		\$(000)	\$(000)
Adjustment of value of investments consequent on changes in exchange rates		48,860	..
Interest on investments		20,270	10,749
Deficit at end of six months .. .. .		..	49,453
		<u>\$69,130</u>	<u>\$60,202</u>
Opening balance, 1 April 1986		363,635	383,909
Surplus at end of six months		69,130	..
		<u>\$432,765</u>	<u>\$383,909</u>

TRUST

		\$(000)	\$(000)
Receipts through revolving funds		322,797	137,680
Other receipts		550,094	458,986
Deficit at end of six months .. .. .		..	14,872
		<u>\$872,891</u>	<u>\$611,538</u>
Opening balance, 1 April 1986		93,776	39,347
Surplus at end of six months		13,541	..
		<u>\$107,317</u>	<u>\$39,347</u>

The notes on pages 5171 to 5182 form part of and

FUND

PAYMENTS	Note	Six Months	Six Months
		Ended 30 September 1986	Ended 30 September 1985
		\$(000)	\$(000)
Expenditure	21	162,757	160,703
Unauthorised expenditure under section 28A National Roads Act 1953		1	3
Surplus at end of six months		40,029	34,229
		<u>\$202,787</u>	<u>\$194,935</u>
Closing balance, 30 September 1986		78,120	42,273
		<u>\$78,120</u>	<u>\$42,273</u>

ACCOUNT

		\$(000)	\$(000)
Adjustment of value of investments consequent on changes in exchange rates .. .. .		..	60,202
Surplus at end of six months		69,130	..
		<u>\$69,130</u>	<u>\$60,202</u>
Deficit at end of six months .. .. .		..	49,453
Closing balance, 30 September 1986		432,765	334,456
		<u>\$432,765</u>	<u>\$383,909</u>

ACCOUNT

		\$(000)	\$(000)
Payments through revolving funds		317,004	155,336
Other payments		542,346	456,202
Surplus at end of six months		13,541	..
		<u>\$872,891</u>	<u>\$611,538</u>
Deficit at end of six months .. .. .		..	14,872
Closing balance, 30 September 1986		107,317	24,475
		<u>\$107,317</u>	<u>\$39,347</u>

should be read in conjunction with the accounts.

SUMMARY OF BALANCES

	Note	At 30 September 1986	At 30 September 1985
		\$(000)	\$(000)
Consolidated Account		(2,863,633)	(1,534,419)
Loans Account		3,129,670	2,485,666
Loans Redemption Account		3,314,163	1,221,383
National Roads Fund		78,120	42,273
Reserve Account		432,765	334,456
Suspense Account	22	13,075	27,117
Trust Account		107,317	24,475
		<u>\$4,211,477</u>	<u>\$2,600,951</u>

COMPOSITION OF BALANCES

	Note	At 30 September 1986	At 30 September 1985
		\$(000)	\$(000)
Cash		751,494	1,271,781
Imprests		370,892	304,078
Investments—	23		
In New Zealand		5,770	5,915
Overseas		3,083,321	1,019,177
		<u>\$4,211,477</u>	<u>\$2,600,951</u>

The notes on pages 5171 to 5182 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, 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	Note	1986	1985
CONSOLIDATED ACCOUNT		\$(000)	\$(000)
Accident Compensation		105	99
Agriculture and Fisheries		173,041	156,311
Audit		6,989	4,268
Broadcasting		178	110
Building Performance Guarantee Corporation		11	10
Commission for the Environment		1,488	760
Conservation	24	46	..
Crown Law		2,101	1,613
Customs		27,615	18,400
Defence		449,580	366,390
Education		1,311,756	999,014
Energy (part vote)	25	843,316	52,608
Environment	24	57	..
Foreign Affairs		111,259	102,376
Forest Service		161,663	156,461
Government Life Insurance Corporation		19	17
Government Printing Office		113	1,484
Health		1,421,562	1,072,124
Housing Corporation (Programmes I and II)		155,821	128,564
Inland Revenue		81,265	45,641
Internal Affairs		86,278	46,348
Justice		118,894	94,146
Labour		266,117	221,026
Lands and Survey		50,729	46,333
Maori Affairs		42,518	34,117
Ombudsmen		570	426
Parliamentary Service	24	11,255	7,409
Police		146,488	111,503
Post Office (part vote)		7,962	1,543
Prime Minister's Department		1,259	1,025
Privacy Commissioner		48	40
Railways		69	39
Rural Banking and Finance Corporation (Programmes I and II)		31,245	41,912
Scientific and Industrial Research		70,535	53,563
Security Intelligence Service		3,619	2,262
Social Welfare		2,870,601	2,546,233
State Services Commission		67,216	39,876
Statistics		18,536	9,743
Tourist and Publicity		16,824	17,301
Trade and Industry		86,524	35,386
Transport		159,764	139,052
Treasury		12,220	9,263
Valuation		10,595	7,195
Women's Affairs		592	45
Works and Development		125,034	130,740
Total, Consolidated Account		\$8,953,477	\$6,702,776
LOANS ACCOUNT			
Capital Participation in Crown and other organisations			742
Energy (part vote)		131,175	95,600
Housing Corporation (Programmes III to V)			67,000
Post Office		74,000	50,000
Rural Banking and Finance Corporation (Programme III)			80,000
Total, Loans Account		\$205,175	\$293,342

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 1986 \$(000)		As at 30 September 1985 \$(000)	
		New Zealand	Overseas	New Zealand	Overseas
1986		..	..	1,395,726	687,524
1987		1,217,964	671,451	2,042,797	903,688
1988		2,069,787	1,661,939	2,069,789	1,813,758
1989		3,008,684	1,106,083	3,008,684	726,699
1990		2,031,265	2,541,739	625,169	1,325,047
1991		1,869,617	1,502,486	1,613,666	839,008
1992		2,719,916	2,537,708	660,764	1,079,204
1993		1,080,669	1,371,517	1,080,703	897,682
1994		773,754	1,982,640	270,455	285,360
1995		1,266,344	1,274,235	714,844	2,471,059
1996		456,100	405,844	456,100	374,532
1997		457,630	714,989	..	..
1998		..	600,240	..	263,227
2000		85,000	..	85,000	..
2001		..	1,014,610	..	280,899
2002		125,000	..	125,000	..
2006		..	405,844	..	..
2009		..	283,613	..	243,485
2011		..	304,383	..	..
2015		..	288,115	..	247,433
2017		..	717,371	..	..
Infl. Bonds	26	682,518	..	761,621	..
Kiwi Bonds		265,072	..	..	..
Kiwi Sav. Stock		322,991	..	433,214	..
Our N.Z. Bonds		30,307	..	48,899	..
Prem. Stock		12,608	..	224,910	..
Tsy. Bills		859,590	..	1,441,550	..
Totals		19,334,816	19,384,807	17,058,891	12,438,605
			\$38,719,623		\$29,497,496

The notes on pages 5171 to 5182 form part of and

DETAILS OF OVERSEAS DOMICILED PUBLIC DEBT AS AT 30 SEPTEMBER 1986
CURRENCY \$(000)

<i>Maturing Year Ending 31 March</i>	<i>Total</i>	<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	671,451	31,763	229,919	35,152	116,569	217,141	32,236	1,018	6,448	..	1,205
1988	1,661,939	350,541	301,501	35,152	650,214	25,370	283,951	1,319	6,448	..	7,443
1989	1,106,083	34,872	202,540	35,153	514,981	18,409	291,308	602	6,449	..	1,769
1990	2,541,739	313,606	350,981	87,881	727,170	622,401	438,518	..	..	..	1,182
1991	1,502,486	8,888	54,099	..	867,244	209,730	163,436	..	..	198,294	795
1992	2,537,708	8,452	499,423	..	814,124	868,194	347,205	..	..	..	310
1993	1,371,517	50,950	2,309	..	758,464	801	360,698	..	..	198,295	..
1994	1,982,640	3,044	..	..	384,115	1,521,916	73,565	..	..	..	..
1995	1,274,235	..	..	..	830,078	304,383	139,774	..	..	..	..
1996	405,844	..	..	..	..	405,844	..	..	..	..	..
1997	714,989	..	..	..	..	714,989	..	..	..	..	..
1998	600,240	600,240	..	..	..	..	..	..	..	..	..
2001	1,014,610	..	..	..	..	1,014,610	..	..	..	..	..
2006	405,844	..	..	..	..	405,844	..	..	..	..	..
2009	283,613	283,613	..	..	..	..	..	..	..	..	..
2011	304,383	..	..	..	..	304,383	..	..	..	..	..
2015	288,115	288,115	..	..	..	..	..	..	..	..	..
2017	717,371	..	..	..	..	717,371	..	..	..	..	..
	19,384,807	1,974,084	1,640,772	193,338	5,662,959	7,351,386	2,130,691	2,939	19,345	396,589	12,704

should be read in conjunction with the accounts.

CHANGES IN THE PUBLIC DEBT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1986

	Outstanding 30 September 1986	Outstanding 31 March 1986	Increase (Decrease)
	\$(000)	\$(000)	\$(000)
External debt—			
Pounds Sterling	1,974,084	1,905,125	68,959
Deutschemark	1,640,772	1,419,145	221,627
Dutch Guilders	193,338	166,037	27,301
Japanese Yen	5,662,959	4,579,490	1,083,469
United States dollars	7,351,386	4,362,524	2,988,862
Swiss Francs	2,130,691	1,858,682	272,009
Australian dollars	2,939	4,924	(1,985)
Canadian dollars	19,345	18,116	1,229
European Currency Unit	396,589	397,298	(709)
Miscellaneous	12,704	14,856	(2,152)
Internal debt—			
Long-term debt	18,475,226	16,496,069	1,979,157
Floating debt	859,590	779,980	79,610
Total	38,719,623	32,002,246	6,717,377

TRANSACTIONS IN CONNECTION WITH THE PUBLIC DEBT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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	3,032,263	..	..	..	..	..	..	..	..	..	..	..
Capital equipment credit arrangements	..	352	..	..	..	..	352	..	..	..	..	..
For repayment of loans (incl. Tsy Bills)	6,142,345	4,057,062	..	..	..	..	4,057,062	..	..	..	..	..
Total, loans raised	9,174,608	4,057,414	..	..	..	..	4,057,414	..	..	..	..	..
Loans repaid—												
For general repayments (incl. Tsy Bills)	7,115,841	1,538,772	31,296	8,510	..	..	1,398,630	98,259	..	..	..	2,077
Capital equipment credit arrangements	..	36,627	15,362	..	..	11,770	5,990	1,296	1,680	..	..	529
IBRD	..	265	..	..	..	..	..	..	..	..	..	265
Total, loans repaid	7,115,841	1,575,664	46,658	8,510	..	11,770	1,404,620	99,555	1,680	..	..	2,871
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)
1 September 1986 realignment	..	2,649,189	187,232	328,232	38,398	1,017,980	551,833	464,901	(169)	1,954	57,031	1,797
Total realignment increase (decrease)	..	2,176,860	115,617	230,137	27,301	1,095,239	336,068	371,564	(305)	1,229	(709)	719
Net increase (decrease) during the year	2,058,767	4,658,610	68,959	221,627	27,301	1,083,469	2,988,862	272,009	(1985)	1,229	(709)	(2,152)
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 September 1986	19,334,816	19,384,807	1,974,084	1,640,772	193,338	5,662,959	7,351,386	2,130,691	2,939	19,345	396,589	12,704
		\$38,719,623										

The notes on pages 5171 to 5182 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	216,601	354,151
Fringe benefit tax	77,040	33,461
Individuals	4,596,823	3,598,775
Miscellaneous	61,077	29,265
	<u>\$4,951,541</u>	<u>\$4,015,652</u>

Income tax is net of refunds.

Refunds to exporters in terms of the Income Tax Act 1976 were **\$116,695,674** for the six months ended **30 September 1986** and \$93,279,182 for the corresponding period in 1985.**2. Other Direct Taxation**

Details of other direct taxation are as follows:

Estate and gift duty	15,783	13,715
Land tax	1,779	635
Property speculation tax	140	2
	<u>\$17,702</u>	<u>\$14,352</u>

3. Other Indirect Taxation

Details of other indirect taxation are as follows:

Domestic air travel tax		9,596	8,475
Duties payable by racing clubs		34,680	30,854
Energy resources levy		43,256	37,091
Film hire tax		1	413
<i>less</i> refunds			(3,174)
International departure tax		9,806	9,111
Motor spirits tax	105,260		98,618
<i>less</i> refunds	960		(1,193)
		<u>104,300</u>	
Motor vehicles, fees and charges		58,882	75,622
Payroll tax		98	..
Stamp duties		92,530	69,602
		<u>\$353,149</u>	<u>\$325,419</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)
On capital liability—		
Air New Zealand Ltd.	140	385
Development Finance Corporation of New Zealand	193	192
Energy: Electricity	177,004	179,713
Energy: Mines	33,914	26,875
Housing	61,890	57,932
Housing Corporation of New Zealand	156,174	144,501
Maori Affairs	..	20,466
New Zealand Railways Corporation	1,208	1,767
Post Office	74,855	46,300
Revolving funds—		
Government Computer Services	..	4,821
Government Printing Office	1,433	989
Rural Banking and Finance Corporation of New Zealand	152,746	149,535
Tourist Hotel Corporation of New Zealand	..	1,299
	659,557	634,775
On other public money—		
New Zealand's investment in—		
Winstone-Pulp Industries Ltd.	372	511
Investments made in respect of the—		
Trust Account	183	167
Loans Account	2,445	2,778
Loans Redemption Account	20,106	26,709
On advances to—		
New Zealand Steel Ltd.	..	4,029
New Zealand Steel Development Ltd.	..	6,436
Petroleum Corporation of New Zealand Ltd.	2,668	16,167
Loans and advances to hospitals, local authorities, etc.	118	302
Loans to local authorities for harbour projects (IBRD loans)	75	90
	25,967	57,189
	\$685,524	\$691,964

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	14,000	10,000
Development Finance Corporation of New Zealand	3,300	..
	\$17,300	\$63,000

6. Profits

The following profits were received during the six months:

Housing Corporation of New Zealand	10,000	9,759
Reserve Bank of New Zealand	..	79,821
	\$10,000	\$89,580

7. 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	24,066	12,731
Audit	3,748	1,231
Commission for the Environment	5	1
Crown Law	32	1
Customs	1,205	975
Defence	8,414	5,372
Education	10,633	10,477
Energy (part vote)	51,092	79,431
Foreign Affairs	2,928	2,892
Forest Service	94,633	86,751
Health	1,405	1,110
Inland Revenue	1,758	1,327
Internal Affairs	5,841	4,044
Justice	49,396	37,758
Labour	1,859	1,566
Lands and Survey	22,607	36,379
Maori Affairs	22,590	24,730
Parliamentary Service	3	3
Police	1,845	2,291
Post Office (part vote)	28	37
Prime Minister's Department	3	2
Scientific and Industrial Research	6,557	4,457
Social Welfare	32,134	16,396
State Services Commission	36,229	1,220
Statistics	349	231
Tourist and Publicity	1,887	1,700
Trade and Industry	1,979	5,238
Transport	59,615	54,324
Treasury	2,049	2,677
Valuation	6,492	4,520
Women's Affairs	4	1
Works and Development	7,157	12,718
	<u>\$458,543</u>	<u>\$412,591</u>

8. Special Receipts

The following are details of this category of receipts:

	1986	1985
	<u>\$(000)</u>	<u>\$(000)</u>
Auckland Harbour Bridge Authority	993	503
<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)	11,777	13,725
<p>These are the net gains offset by losses made on the realisation of the investment of Public Account balances, etc.</p>		
Compensation from French Government—Rainbow Warrior Settlement	13,158	..
<p>The receipt of \$13,157,895 is the settlement paid by the French Government to the New Zealand Government.</p>		
Import Licence Premiums	22,848	29,526
<p>The receipts are in respect of increased import 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— Adjustment of Imprest Account balances and value of investments consequent on changes in exchange rates (Additional information is contained in Note 27)</p>		
Imprest Account Balances	5,960	(6,685)
Investments	184,090	(48,573)
Notional tax payments	31,456	790
<p>The receipts are payments to the Consolidated Account in lieu of Income Tax from—</p>		
Government Printing Office	\$1,456,000	
Energy: Electricity	\$30,000,000	
Housing Corporation of New Zealand	3,981	..
<p>The repayment is in respect of an overclaim of concessions on interest for general lending in 1985–86.</p>		
	<u>\$274,263</u>	<u>(\$10,714)</u>

9. 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	30	30
Other expenses	319	237
	<u>349</u>	<u>267</u>
Executive Council and Ministers—		
Salaries	929	689
Allowances .. .. .	..	..
	<u>929</u>	<u>689</u>
Parliamentary Under-Secretaries—		
Salaries	210	156
Allowances .. .. .	..	..
	<u>210</u>	<u>156</u>
Mr Speaker, House of Representatives—		
Salary	45	28
Allowances	3	1
	<u>48</u>	<u>29</u>
Chairman of Committees—		
Salary	39	28
Allowances	3	3
	<u>42</u>	<u>31</u>
Leader of the Opposition—		
Salary	45	32
Allowances	7	6
	<u>52</u>	<u>38</u>
Members of the House of Representatives—		
Salaries	1,974	1,469
Allowances	306	261
	<u>2,280</u>	<u>1,730</u>
Annuity to former Governor-General	19	16
Annuity to former Prime Ministers	29	2
Annuity to widows of former Prime Ministers	1	1
	<u>49</u>	<u>19</u>
	<u>\$3,959</u>	<u>\$2,959</u>
DEBT SERVICES		
Administration and management—		
Charges and expenses of raising and repaying loans	1,542	18,598
Management charges	4,103	4,911
	<u>5,645</u>	<u>23,509</u>
Interest—		
In New Zealand	1,234,879	1,134,311
Overseas	651,264	510,946
	<u>1,886,143</u>	<u>1,645,257</u>
	<u>\$1,891,788</u>	<u>\$1,668,766</u>

9. Payments Under Permanent Appropriations—Consolidated Account—continued

	1986	1985
	\$(000)	\$(000)
SUPERANNUATION		
Contribution to Government Superannuation Fund	116,373	82,829
Subsidy to Parliamentary Superannuation Account	202	156
Judges retiring allowances, annuities, and refunds of contributions	781	544
Contributions to other superannuation schemes	41	38
Contributions on refunds and transfer values	1,960	44
	<u>\$119,357</u>	<u>\$83,611</u>
MISCELLANEOUS		
Crown Proceedings Act 1950, Section 24 (3)		
Judgment damages awarded to—		
Takaro Properties Ltd	762	..
Subsidy to National Provident Fund	4,350	6,629
Land Settlement interest on capital liability		20,466
Payment in respect of land and improvements, etc.	307	750
Annual payments to Maori Trust Boards	62	64
Contributions to national superannuation schemes	600	600
Coal Mines Amendment Act 1979 section 28—		
Payments to public authorities entitled		3
Exemptions from taxation, etc.	152	139
Grants for Maori purposes	6	10
Mining Act 1971—		
Grants to local authorities	291	163
Payments to parties entitled	11	22
Payments in terms of guarantees on loans to industry, etc.—		
Public Finance Act 1977, section 86 (2)—		
Development Finance Corporation of New Zealand		26,594
Other Acts	365	286
Salaries of—		
Chief Judge and Judges of the Maori Land Court	332	229
Controller and Auditor-General and Deputy	82	60
District Court Judges	3,372	2,212
Family Court Judges	642	559
Judges of Arbitration Court and of Compensation Court	205	118
Judges of Court of Appeal and High Court	1,759	1,237
Ombudsmen	84	66
	<u>\$13,382</u>	<u>\$60,207</u>
Total, Consolidated Account Permanent Appropriations	<u>\$2,028,486</u>	<u>\$1,815,543</u>

10. Special Payments

Gains/Losses obtained through currency conversion

Gains/Losses on currency conversion arise through either:

—the conversion of public money from NZ\$ to another currency (and vice versa).

—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\$

The following amounts relate to exchange transactions in connection with—

Imprest	3,282	(1,541)
Investments	(24,882)	..
Public debt	31,163	(17,011)
	<u>\$9,563</u>	<u>\$(18,552)</u>

11. Loans Raised in New Zealand

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

	1986	1985
	\$(000)	\$(000)
Kiwi Savings Stock		43,867
Kiwi Bonds—		
14 percent various	3,055	
14.5 percent various	567	
15 percent various	1,861	
15.5 percent various	6,958	
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>23,684</u>	
Special Issues		156,000
Tender Stock—		
16 percent 15 September 1989	461,000	
14 percent 15 November 1989	625,199	
16 percent 15 June 1991	371,400	
14 percent 15 September 1991	821,650	
16 percent 15 July 1994	271,700	
14 percent 15 October 1996	457,630	
	<u>3,008,579</u>	1,100,000
	<u><u>\$3,032,263</u></u>	<u><u>\$1,299,867</u></u>
12. Loans Raised Overseas		
Capital equipment credit arrangements—		
Var percent 22 July 1992	<u>\$352</u>	<u>\$22,675</u>

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.

	1986	1985
	\$(000)	\$(000)
14. Permanent Appropriations, Loans Account		
The following are details of payments made by way of permanent appropriation from the Loans Account:		
Subscription to IMF .. .. .	..	2
Encashment of securities—IMF	2	..
Encashment of securities—ADB	2,000	3,000
Charges and expenses of raising loans—		
In New Zealand—		
Discounts on tender stock	208,787	110,266
Overseas—		
Commissions .. .. .	..	3,924
	<u>208,787</u>	<u>114,190</u>
	<u>\$210,789</u>	<u>\$117,192</u>

15. 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	352	..
Energy: Electricity .. .. .	..	10,057
Post Office .. .. .	..	12,618
	<u>\$352</u>	<u>\$22,675</u>

	Maturity Year Ending 31 March	New Zealand \$(000)	Overseas \$(000)
16. Loans Raised for the purpose of repaying Loans			
	1990	..	608,766
	1991	..	187,970
	1992	..	454,060
	1994	..	1,457,934
	1997	..	658,948
	2017	..	689,384
			<u>\$4,057,062</u>
		1986	<i>1985</i>
	\$(000)	\$(000)	\$(000)
17. Money Received for Repayment of Loans and Advances			
Details are as follows:			
Capital Equipment Credit Arrangements—			
Energy: Electricity	11,453		17,342
Energy: Mines	329		388
New Zealand Railways Corporation	3,806		6,763
Post Office	14,825		11,563
Vote Defence	5,668		9,232
Vote Foreign Affairs	225		208
Vote Health .. .. .	..		861
Vote Transport (Airport Development)	321		301
		36,627	<u>46,658</u>
IBRD Loans—			
Harbour Boards	265		563
New Zealand Railways Corporation .. .. .	..		463
		265	<u>1,026</u>
Other Loans and Advances—			
Air New Zealand Ltd. .. .. .	..		500
New Zealand Steel Ltd. .. .. .	..		6,000
Petroleum Corporation of New Zealand .. .. .	..		18,849
Tourist Hotel Corporation of New Zealand	150		531
		150	<u>25,880</u>
		\$37,042	<u>\$73,564</u>

18. Summary of Loans Repaid

Six months ended 30 September 1985 \$(000)		Six months ended 30 September 1986 Currency \$(000)										
New Zealand	Overseas	Maturing Year Ending 31 March	New Zealand	Overseas	£Stg.	Deutsche- mark	Japanese Yen	US\$	Swiss Francs	Aust.\$	Misc.	
442,180	554,042	1986	..	..	..	..	..	..	..	..	..
..	179,553	1987	459,834	138,769	33,170	8,510	..	201	95,887	1,001	..	
45	5,020	1988	..	670,532	2,480	..	..	665,625	..	350	2,077
..	12,547	1989	..	5,731	1,893	..	3,509	..	..	329	..
..	10,725	1990	..	9,222	3,337	..	..	3,248	2,372	..	265
..	53,466	1991	..	3,600	1,844	..	..	460	1,296	..	..
..	2,936	1992	..	112,107	..	..	8,261	103,317	..	..	529
..	1,916	1993	..	1,071	1,071	..	..	..	..	..	..
..	2,672	1994	..	2,863	2,863	..	..	..	..	..	..
..	..	1995	..	631,769	..	..	..	631,769	..	..	..
..	4,808	2009	..	..	..	..	..	..	..	..	..
271	..	Death Duty	180	..	..	..	..	..	..	..	..
27,248	..	Infl. Bonds	44,379	..	..	..	..	..	..	..	..
..	..	Kiwi Bonds	406	..	..	..	..	..	..	..	..
255,948	..	Kiwi Sav. Stock	31,352	..	..	..	..	..	..	..	..
27,268	..	Our N.Z. Bonds	10,454	..	..	..	..	..	..	..	..
9,371	..	Prem. Stock	37,770	..	..	..	..	..	..	..	..
457,332	..	Tap Issues	..	..	..	..	..	..	..	..	..
..	..	Tender Stock	468,731	..	..	..	..	..	..	..	..
2,358,150	..	Tsy. Bills	6,062,735	..	..	..	..	..	..	..	..
3,577,813	827,685	Totals	7,115,841	\$1,575,664	46,658	8,510	11,770	1,404,620	99,555	1,680	2,871	
<u>\$4,405,498</u>		<u>\$8,691,505</u>										

19. Taxation, National Roads Fund

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

	1986	1985
	\$(000)	\$(000)
Motor spirits duty	94,646	91,577
Less refunds	3,529	(3,237)
	<u>91,117</u>	<u>88,340</u>
Road user charges	99,701	101,409
Less refunds	6,207	(7,864)
	<u>93,494</u>	<u>93,545</u>
Mileage tax		15
Sales tax on compressed natural gas	7,245	6,414
Less refunds	143	(107)
	<u>7,102</u>	<u>6,307</u>
Sales tax on liquefied petroleum gas	5,362	4,061
Less refunds	753	(385)
	<u>4,609</u>	<u>3,676</u>
	<u><u>\$196,337</u></u>	<u><u>\$191,868</u></u>

20. Other Receipts, National Roads Fund

These are as follows—

Miscellaneous	723	689
Receipts from land and property	5,727	2,378
	<u>\$6,450</u>	<u>\$3,067</u>

21. Expenditure, National Roads Fund

State highways construction	19,938	18,783
State highways maintenance	43,135	43,882
Local authorities subsidised works	91,194	85,201
Purchases of land and property	916	1,708
Administration	5,144	10,053
General	2,430	1,076
	<u>\$162,757</u>	<u>\$160,703</u>

22. 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.

23. Investments—Public Account Balances

Investments held in New Zealand decreased by \$1,186,100,000 and those held overseas increased by \$1,964,054,000. The following table summarises, by currency, investment holdings for the six months ended 30 September 1986 and corresponding period in 1985:

Currency		
Canadian dollar	11,223	9,859
Deutschemark	58,059	34,996
Dutch guilder	42,148	25,783
French franc .. .. .	..	197
Japanese yen	659,338	490,462
Pound sterling	114,135	85,571
Swiss franc	2,984	2,547
United States dollar	2,195,434	369,762
Total Overseas	<u>3,083,321</u>	<u>1,019,177</u>
New Zealand dollar	5,770	5,915
Total Investments held	<u>\$3,089,091</u>	<u>\$1,025,092</u>

24. Expenditure Statement

Expenditure for the following Vote was previously made from—

Parliamentary Service—replaced Legislative Department from 1 October 1985.

25. Vote: Energy (part vote)

Includes a payment for debt restructuring of \$743.4 million being part of the \$800 million debt restructure of Petrocorp. The remaining debt of \$56.5 million has been written off. Provision for this expenditure is to be included in the Supplementary Estimates for 31 March 1987.

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

This figure does not include the sum of \$397,233,296 being the assessment by the Reserve Bank of New Zealand of the obligation at 30 September 1986 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 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 increase in the public debt of **\$2,649,189,000** arising from 1 September 1986 realignment consisted of:

	Realignment 1 September 1986	
	Increase \$(000)	Decrease \$(000)
Loans denominated in—		
Australian dollar .. .. .	..	169
Canadian dollar	1,954	..
Deutschemark	328,232	..
Dutch guilder	38,398	..
European currency unit	57,031	..
French franc	920	..
Indian rupee	611	..
Japanese yen	1,017,980	..
Pound sterling	187,232	..
Swiss franc	464,901	..
United States dollar	551,833	..
	<u>2,649,092</u>	<u>169</u>
IBRD loans (various currencies)	266	..
Net Increase .. .. .	..	2,649,189
	<u>\$2,649,358</u>	<u>\$2,649,358</u>

The total net increase of **\$24,210,000** in the overseas investments consisted of:

	Realignment 1 September 1986	
	Increase \$(000)	Decrease \$(000)
Investments denominated in—		
Canadian dollar	486	..
Deutschemark	1,259	..
Dutch guilder	3,219	..
Japanese yen	3,275	..
Pound sterling	859	..
Swiss franc	103	..
United States dollar	15,009	..
	<u>24,210</u>	..
Net Increase .. .. .	..	24,210
	<u>\$24,210</u>	<u>\$24,210</u>

G. C. Scott,
Secretary to the Treasury.
30 October 1986

R. C. W. Hamilton,
Director, Financial Management, Treasury.
30 October 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 six months ended 30 September 1986 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 5158 to 5182 properly reflects, in accordance with the statement of accounting policies on page 5157 the balance of the public debt outstanding at 30 September 1986 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 1986.

