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SUMMARY
OF THE
RECEIPTS AND PAYMENTS
OF THE
PUBLIC ACCOUNT
FOR THE
THREE MONTHS ENDED 30 JUNE 1988

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 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

Receipts and payments are translated into New Zealand currency at the actual bank rate for each currency.

All rates are adjusted on an official revaluation and on the last working day of June, September, December and March in each year. The rates so obtained are used to realign foreign investments, liabilities and cash balances. Balances in foreign imprest accounts are realigned at the bank rates applying on the last date Treasury is advised of imprest transactions for the quarter.

Investments

Investments of Public Account Balances are recorded at cost price in foreign currency and converted at the actual bank rate into New Zealand dollars. Capital gains or losses arising from investment transactions are recognised when realised and are disclosed in the public accounts.

Changes in Accounting Policies

There have been two changes in respect of accounting for foreign currencies. Previously these were converted into New Zealand currency at the actual bank rate obtained on the last working day preceding 1 June, 1 September, 1 December and 1 March. An exception to the general rule was made for receipts and payments in respect of the Sovereign Note Program. In this case the aggregate results of transactions for each month were converted into New Zealand currency at the actual bank rate prevailing on the last working day of the month.

The main changes in accounting policies from 1 April 1988 are as follows:

- all receipts and payments will be translated and at the actual bank rate.
- all rates are now adjusted on the last working day in June, September, December and 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

	Three Months Ended 30 June 1988			Three Months Ended 30 June 1987
	\$(000)	\$(000)	\$(000)	\$(000)
RECEIPTS INTO PUBLIC ACCOUNT				
Taxation—				
Consolidated Account	4,166,448			3,592,550
National Roads Fund	137,393			135,076
		4,303,841		3,727,626
Interest, dividends and profits—				
Consolidated Account	379,117			298,616
Reserve Account	8,700			9,182
		387,817		307,798
Departmental and Special Receipts—				
Consolidated Account	4,540,624			448,870
National Roads Fund	3,370			1,143
		4,543,994		450,013
Repayment of loans and advances—				
Loans Redemption Account		2,858,060		14,676
Changes in balances—				
Increase in advances to Impretees	(29,047)			(105,225)
Increase in Suspense Account	65,136			10,532
		36,089		(94,693)
			12,129,801	4,405,420
PAYMENTS FROM PUBLIC ACCOUNT				
Annual appropriations—				
Consolidated Account	5,196,885			5,137,057
Loans Account	7,206,182			274,600
		12,403,067		5,411,657
Permanent appropriations—				
Consolidated Account	1,219,362			1,368,000
Loans Account ¹	1,900			907
National Roads Fund	37,507			47,473
		1,258,769		1,416,380
Special Payments—				
Consolidated Account	230,496			223,521
Reserve Account	12,872			16,734
		243,368		240,255
Changes in balances—				
Net payments from Trust Account		1,312,180		352,554
			15,217,384	7,420,846
Deficit on operations			\$3,087,583	\$3,015,426

Footnotes:

¹ Excludes charges and expenses of raising loans \$101,046,000.

SECTION

TABLE 2—SUMMARY OF
PUBLIC ACCOUNT FINANCING

	Three Months Ended 30 June 1988		Three Months Ended 30 June 1987
	\$(000)	\$(000)	\$(000)
NEW BORROWING			
Loans Account			
Borrowing in New Zealand and Overseas	1,023,197		1,388,561
<i>Less purchases through capital equipment credit arrangements</i>			(6,868)
<i>Less charges and expenses of raising loans</i>	(101,046)		(55,438)
<i>Plus premiums on issues</i>	17,835		3,826
		939,986	1,330,081
Loans Redemption Account			
Borrowing in New Zealand and Overseas	6,239,491		6,393,626
<i>Less charges and expenses of raising loans</i>	(73,855)		(44,207)
		6,165,636	6,349,419
Net cash proceeds from new borrowing		7,105,622	7,679,500
REPAYMENTS			
Loans Redemption Account			
Repayments in New Zealand and Overseas	4,562,050		6,838,739
<i>Less gains on redemption of securities</i>	(4,467)		(8,371)
		4,557,583	6,830,368
Net cash flow from borrowing		2,548,039	849,132
CHANGES IN BALANCES OF—			
Cash at bank	537,704		770,225
Investments	1,840		1,396,069
		539,544	2,166,294
		\$3,087,583	\$3,015,426

CONSOLIDATED

RECEIPTS	Note	Three Months Ended 30 June 1988			Three Months Ended 30 June 1987
		\$(000)	\$(000)	\$(000)	\$(000)
Taxation					
Direct taxation—					
Income tax	1	2,505,303			1,933,541
Other taxation	2	15,060			11,696
			2,520,363		1,945,237
Indirect taxation—					
Customs duty		118,996			260,662
Excise duties		457,122			481,241
Goods and services tax		982,635			809,542
Sales tax		55			..
Other taxation	3	87,277			95,868
			1,646,085		1,647,313
				4,166,448	3,592,550
Interest, Dividends and Profits—					
Interest on Capital Liabilities and Investments	4		325,411		266,028
Dividends	5		3,706		..
Profits	6		50,000		32,588
				379,117	298,616
Departmental Receipts	7			175,070	389,587
Total Ordinary Receipts				4,720,635	4,280,753
Special Receipts	8			4,365,554	59,283
Deficit at end of three months .. .. .				..	2,388,542
				<u>9,086,189</u>	<u>6,728,578</u>
Opening balance, 1 April 1988				134,655	126,225
Surplus at end of three months				2,439,446	..
				<u>2,574,101</u>	<u>126,225</u>

The notes on pages 3374 to 3384 form part of and

ACCOUNT

PAYMENTS	Note	Three Months Ended 30 June 1988	Three Months Ended 30 June 1987
Permanent appropriations	9	\$ (000) 1,219,362	\$ (000) 1,368,000
Annual appropriations <i>(For details, refer Expenditure Statement on page 3369)</i>		5,196,885	5,137,057
Total Ordinary Payments		6,416,247	6,505,057
Special Payments	10	230,496	223,521
Surplus at end of three months		2,439,446	..
		\$9,086,189	\$6,728,578
Deficit at end of three months .. .. .		..	2,388,542
Closing balance, 30 June 1988		2,574,101	(2,262,317)
		\$2,574,101	\$126,225

should be read in conjunction with the accounts.

RECEIPTS	Note	Three Months Ended 30 June 1988		LOANS
		\$(000)	\$(000)	Three Months Ended 30 June 1987
Loans raised—	11			\$(000)
In New Zealand		1,022,930		1,381,693
Overseas			6,868	
			<u>1,022,930</u>	<u>1,388,561</u>
Loan receipts unallocated	12		267	..
Other Securities issued			..	102,770
Premium on issues			17,835	3,826
Deficit at end of three months			<u>6,268,096</u>	..
			<u>\$7,309,128</u>	<u>\$1,495,157</u>
Opening balance, 1 April 1988			54,906	8,421
Surplus at end of three months			..	1,054,574
			<u>\$54,906</u>	<u>\$1,062,995</u>

		LOANS REDEMPTION		
		\$(000)	\$(000)	\$(000)
Loans raised for the purpose of repaying loans—				
Overseas—	15			
Cash loans		1,643,824		1,128,640
Sovereign Notes		<u>1,660,667</u>		<u>1,792,977</u>
			<u>3,304,491</u>	<u>2,921,617</u>
Treasury bills issued			2,935,000	3,472,009
Money received for repayment of loans and advances	16		2,858,035	14,671
Other money received			25	5
Gains on redemption of securities	17		4,467	8,371
Deficit at end of three months			..	466,273
			<u>\$9,102,018</u>	<u>\$6,882,946</u>
Opening balance, 1 April 1988			162,431	385,362
Surplus at end of three months			4,466,113	..
			<u>\$4,628,544</u>	<u>\$385,362</u>

The notes on pages 3374 to 3384 form part of and

ACCOUNT

PAYMENTS	Note	Three Months Ended		Three
		30 June 1988	30 June 1987	Months Ended 30 June 1987
		\$(000)	\$(000)	\$(000)
Permanent appropriations	13		102,946	56,345
Annual appropriations (For details refer Expenditure Statement on page 3369)			7,206,182	274,600
Capital equipment purchased under credit arrangements .. .. .			..	6,868
Other Securities issued .. .. .			..	102,770
Surplus at end of three months .. .. .			..	1,054,574
			<u>\$7,309,128</u>	<u>\$1,495,157</u>
Deficit at end of three months			6,268,096	..
Temporary transfer from Trust Account repaid	14		1,700,000	..
Closing balance, 30 June 1988			(7,913,190)	1,062,995
			<u>\$54,906</u>	<u>\$1,062,995</u>

ACCOUNT

		\$(000)	\$(000)	\$(000)
Loans repaid—	18			
In New Zealand		287,503		1,073,550
Overseas—				
General repayments and other purposes		847,766		1,894,730
Sovereign Notes		1,461,016		1,794,459
			2,596,285	\$4,762,739
Treasury bills redeemed			1,965,765	2,076,000
Charges and expenses of raising and repaying loans—				
General		45,433		11,989
Flexible financing facilities rollover expenses .. .. .		..		2,923
Premium on redemption, Inflation-adjusted savings bonds		27,424		24,507
Premiums on overseas loans		998		4,788
			73,855	44,207
Surplus at end of three months			4,466,113	..
			<u>\$9,102,018</u>	<u>\$6,882,946</u>
Deficit at end of three months .. .. .			..	466,273
Closing balance, 30 June 1988			4,628,544	(80,911)
			<u>\$4,628,544</u>	<u>\$385,362</u>

should be read in conjunction with the accounts.

NATIONAL ROADS

RECEIPTS	Note	Three Months Ended 30 June 1988	Three Months Ended 30 June 1987
		\$(000)	\$(000)
Taxation	19	137,393	135,076
Other receipts	20	3,370	1,143
		<u>\$140,763</u>	<u>\$136,219</u>
Opening balance, 1 April 1988		113,516	17,130
Surplus at end of three months		<u>103,256</u>	<u>88,746</u>
		<u>\$216,772</u>	<u>\$105,876</u>

RESERVE

		\$(000)	\$(000)
Interest on investments		8,700	9,182
Deficit at end of three months		<u>4,172</u>	<u>7,552</u>
		<u>\$12,872</u>	<u>\$16,734</u>
Opening balance, 1 April 1988		415,861	396,543
		<u>\$415,861</u>	<u>\$396,543</u>

TRUST

		\$(000)	\$(000)
Receipts through revolving funds		127,968	170,705
Other receipts		489,510	495,185
Deficit at end of three months		<u>1,312,180</u>	<u>352,554</u>
		<u>\$1,929,658</u>	<u>\$1,018,444</u>
Opening balance, 1 April 1988		3,545,943	5,924,026
Temporary transfer to Loans Account repaid	14	<u>1,700,000</u>	..
		<u>\$5,245,943</u>	<u>\$5,924,026</u>

The notes on pages 3374 to 3384 form part of and

FUND

PAYMENTS	Note	Three Months Ended	Three Months Ended
		30 June 1988	30 June 1987
		\$(000)	\$(000)
Expenditure		37,507	47,473
Surplus at end of three months		103,256	88,746
		<u>\$140,763</u>	<u>\$136,219</u>
Closing balance, 30 June 1988		216,772	105,876
		<u>\$216,772</u>	<u>\$105,876</u>

ACCOUNT

	\$(000)	\$(000)
Adjustment of value of investments consequent on changes in exchange rates	12,872	16,734
	<u>\$12,872</u>	<u>\$16,734</u>
Deficit at end of three months	4,172	7,552
Closing balance, 30 June 1988	411,689	388,991
	<u>\$415,861</u>	<u>\$396,543</u>

ACCOUNT

	\$(000)	\$(000)
Payments through revolving funds	155,263	182,385
Other payments	1,774,395	836,059
	<u>\$1,929,658</u>	<u>\$1,018,444</u>
Deficit at end of three months	1,312,180	352,554
Closing balance, 30 June 1988	3,933,763	5,571,472
	<u>\$5,245,943</u>	<u>\$5,924,026</u>

should be read in conjunction to the accounts.

SUMMARY OF BALANCES

	Note	At 30 June 1988	At 30 June 1987
		\$(000)	\$(000)
Consolidated Account		2,574,101	(2,262,317)
Loans Account		(7,913,190)	1,062,995
Loans Redemption Account ..		4,628,544	(80,911)
National Roads Fund		216,772	105,876
Reserve Account		411,689	388,991
Suspense Account	21	72,609	10,533
Trust Account		3,933,763	5,571,472
		<u>\$3,924,288</u>	<u>\$4,796,639</u>

COMPOSITION OF BALANCES

	Note	At 30 June 1988	At 30 June 1987
		\$(000)	\$(000)
Cash		(414,264)	(643,990)
Imprests		162,322	210,472
Investments—	22		
In New Zealand		220,766	127,570
Overseas		3,955,464	5,102,587
		<u>4,176,230</u>	<u>5,230,157</u>
		<u>\$3,924,288</u>	<u>\$4,796,639</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—

- the unexpended balance of the amount appropriated for that Vote in the immediately preceding financial year; and
- 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	1988	1987
CONSOLIDATED ACCOUNT	Note	Note
	\$(000)	\$(000)
Accident Compensation	24,042	69
Agriculture and Fisheries	140,392	78,858
Audit	5,673	4,214
Broadcasting	71	80
Building Performance Guarantee Corporation		5
Capital Participation in Crown and other organisations	5,464	
Conservation	35,907	15,469
Crown Law	2,439	1,764
Customs	14,564	15,724
Defence	298,130	246,510
Domestic and External Security Secretariat	75	
Education	944,930	855,505
Energy (Programme I)	88,487	124,900
Environment	10,387	1,064
Foreign Affairs	43,046	46,971
Forestry	13,673	65,664
Government Life Insurance Corporation	25	10
Health	941,283	816,294
Housing Corporation (Programmes I and II)	67,493	68,513
Inland Revenue	148,011	128,710
Internal Affairs	52,566	41,728
Justice	109,420	85,054
Labour	107,376	137,795
Lands	3,628	10,244
Maori Affairs	44,156	22,000
Office of the Clerk	23 1,245	
Office of the Ombudsmen	503	375
Parliamentary Commissioner for the Environment	162	217
Parliamentary Counsel Office	23 267	
Parliamentary Service	6,861	7,789
Police	107,169	88,827
Prime Minister	546	416
Privacy Commissioner	34	38
Railways	47	65
Rural Banking and Finance Corporation (Programmes I and II)		12,138
Scientific and Industrial Research	40,319	39,174
Security Intelligence Service	2,901	1,851
Social Welfare	1,746,009	1,521,040
State Services Commission	28,853	14,866
Statistics	9,027	9,490
Survey and Land Information	11,347	8,937
Tourist and Publicity	14,117	11,325
Trade and Industry	30,164	47,362
Transport	69,760	85,372
Treasury	23,700	167,853
Valuation	2,058	5,468
Women's Affairs	558	369
Works and Development ¹		346,940
Total, Consolidated Account	\$5,196,885	\$5,137,057
LOANS ACCOUNT		
Capital Participation in Crown and other organisations	7,156,182	250,600
Energy (Programme II)	50,000	24,000
Total, Loans Account	\$7,206,182	\$274,600

Footnote:

¹ No amount has been appropriated in this financial year. should be read in conjunction with the accounts.

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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 Account, 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 1988 \$(000)		As at 30 June 1987 \$(000)	
		New Zealand	Overseas	New Zealand	Overseas
1988				2,164,630	921,576
1989		2,882,069	1,648,549	2,992,673	931,583
1990		3,448,300	1,294,859	3,182,528	2,235,819
1991		2,308,488	705,678	1,934,605	1,270,386
1992		3,848,039	1,789,548	3,848,074	2,854,945
1993		2,077,362	1,724,742	1,356,600	1,699,364
1994		1,676,260	2,554,171	766,251	2,231,078
1995		1,266,344	820,736	1,266,344	859,478
1996		456,100	1,269,551	456,100	875,236
1997		523,100	529,839	523,100	624,691
1998		..	822,616	..	882,620
1999		..	246,758	..	52,994
2000		85,000	49,305	85,000	52,994
2001		..	715,478	..	1,114,244
2002		125,000	49,305	125,000	52,995
2003		..	340,785	..	366,285
2004		..	49,305	..	52,995
2005		..	49,305	..	52,995
2006		..	345,382	..	399,494
2007		..	493,420	..	52,995
2008		..	49,170	..	52,850
2009		..	274,685	..	822,544
2010		..	25,561	..	27,473
2011		..	222,058	..	259,875
2015		..	255,167	..	282,008
2017		..	518,135	..	606,376
Infl. Bonds	24	508,051	..	611,887	..
Kiwi Bonds		250,908	..	322,577	..
Kiwi Sav. Stock		162,154	..	220,458	..
Our N.Z. Bonds		21,056	..	26,234	..
Tsy. Bills		3,921,000	..	2,566,009	..
Sovereign Notes		..	692,940	..	1,039,542
Totals		\$23,559,231	\$ 17,537,048	\$22,448,070	\$ 20,675,435
		\$41,096,279		\$43,123,505	

The notes on pages 3374 to 3384 form part of and

DETAILS OF OVERSEAS DOMICILED PUBLIC DEBT AS AT 30 JUNE 1988

\$(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>NZ\$</i>	<i>European Currency Unit</i>	<i>Misc.</i>
1989	1,648,549	12,402	..	29,011	1,150,616	754	448,977	..	5,395	..	..	1,394
1990	1,294,859	265,281	163,532	72,527	213,004	489,281	90,488	..	..	..	..	746
1991	705,678	7,366	40,883	..	325,112	148,792 ¹	13,129	..	..	..	169,895 ¹	501
1992	1,789,548	7,434	408,831	..	695,067 ¹	666,173 ¹	11,847	..	..	..	..	196
1993	1,724,742	42,843	..	..	269,058	547,742 ¹	355,415	..	..	..	509,684 ¹	..
1994	2,554,171	257,755 ¹	245,298 ¹	..	695,067 ¹	1,302,739 ¹	53,312	..	..	..	..	..
1995	820,736	..	..	..	672,646	..	148,090	..	..	..	..	..
1996	1,269,551	255,167	..	..	448,430 ¹	296,077 ¹	..	117,661 ¹	152,216 ¹	..	..	..
1997	529,839	..	..	..	11,704	518,135	..	..	..	..	..	..
1998	822,616	357,234	..	..	49,305	296,077	..	..	..	120,000	..	..
1999	246,758	..	..	..	49,305	..	197,453	..	..	..	..	..
2000	49,305	..	..	..	49,305	..	..	..	..	..	..	..
2001	715,478	..	..	..	49,305	666,173	..	..	..	..	..	..
2002	49,305	..	..	..	49,305	..	..	..	..	..	..	..
2003	340,785	..	..	..	340,785	..	..	..	..	..	..	..
2004	49,305	..	..	..	49,305	..	..	..	..	..	..	..
2005	49,305	..	..	..	49,305	..	..	..	..	..	..	..
2006	345,382	..	..	..	49,305	296,077	..	..	..	..	..	..
2007	493,420	..	..	..	49,305	444,115	..	..	..	..	..	..
2008	49,170	..	..	..	49,170	..	..	..	..	..	..	..
2009	274,685	248,788	..	..	25,897	..	..	..	..	..	..	..
2010	25,561	..	..	..	25,561	..	..	..	..	..	..	..
2011	222,058	..	..	..	..	222,058	..	..	..	..	..	..
2015	255,167	255,167	..	..	..	..	..	..	..	..	..	..
2017	518,135	..	..	..	..	518,135	..	..	..	..	..	..
Sovereign Notes	692,940	..	..	..	..	692,940	..	..	..	..	..	..
	\$17,537,048	1,709,437	858,544	101,538	5,365,862	7,105,268	1,318,711	117,661	157,611	120,000	679,579	2,837

Footnotes:

¹ Refer to Note 26 "Swap Transactions".

should be read in conjunction with the accounts.

CHANGES IN THE PUBLIC DEBT FOR THE THREE MONTHS ENDED 30 JUNE 1988

	Outstanding 30 June 1988	Outstanding 31 March 1988	Increase (Decrease)
	\$(000)	\$(000)	\$(000)
External debt—			
Pounds Sterling	1,709,437	1,693,643	15,794
Deutschemark	858,544	669,523	189,021
Dutch Guilders	101,538	111,314	(9,776)
Japanese Yen	5,365,862	5,152,530	213,332
United States dollars	7,105,268	7,204,180	(98,912)
Swiss Francs	1,318,711	1,559,628	(240,917)
Australian dollars	117,661	..	117,661
Canadian dollars	157,611	5,272	152,339
New Zealand dollars	120,000	120,000	..
European Currency Unit	679,579	737,463	(57,884)
Miscellaneous	2,837	3,297	(460)
	<u>17,537,048</u>	<u>17,256,850</u>	<u>280,198</u>
Internal debt—			
Long-term debt	19,638,231	18,902,804	735,427
Floating debt	3,921,000	2,951,765	969,235
	<u>23,559,231</u>	<u>21,854,569</u>	<u>1,704,662</u>
Total	<u>\$41,096,279</u>	<u>\$39,111,419</u>	<u>\$1,984,860</u>

**TRANSACTIONS IN CONNECTION WITH THE PUBLIC DEBT FOR THE THREE MONTHS
ENDED 30 JUNE 1988**

\$(000)

	New Zealand	Overseas	£Stg.	Deutsche-mark	Dutch Guilders	Japanese Yen	US\$	Swiss Francs	Aust.\$	Can.\$	NZ\$	European Currency Unit	Misc.
Loans raised (gross value)—													
For general purposes	1,022,930	..	..	..	..	..	..	..	..	..	..	..	..
For repayment of loans (incl. Tsy Bills and Sovereign Notes)	2,935,000	3,304,491	278,784	523,864	..	460,326	1,660,667	..	235,433	145,417	..	..	..
Total, loans raised	3,957,930	3,304,491	278,784	523,864	..	460,326	1,660,667	..	235,433	145,417	..	..	..
Loans repaid—													
For general repayments (incl. Tsy Bills and Sovereign Notes)	2,253,268	2,301,912	177,420	254,634	..	..	1,652,140	99,801	117,716	..	..	..	201
Capital equipment credit arrangements	..	6,870	5,778	..	..	..	..	1,092	..	..	..	..	..
Total, loans repaid	2,253,268	2,308,782	183,198	254,634	..	..	1,652,140	100,893	117,716	..	..	..	201
Increase (decrease) in debt due to—													
30 June 1988 realignment	..	(715,511)	(79,792)	(80,209)	(9,776)	(246,994)	(107,439)	(140,024)	(56)	6,922	..	(57,884)	(259)
<i>Net</i> increase (decrease) during the year													
	1,704,662	280,198	15,794	189,021	(9,776)	213,332	(98,912)	(240,917)	117,661	152,339	..	(57,884)	(460)
Public debt at 1 April 1988	21,854,569	17,256,850	1,693,643	669,523	111,314	5,152,530	7,204,180	1,559,628	..	5,272	120,000	737,463	3,297
Public debt at 30 June 1988	23,559,231	17,537,048	1,709,437	858,544	101,538	5,365,862	7,105,268	1,318,711	117,661	157,611	120,000	679,579	2,837
	\$ 41,096,279												

The notes on pages 3374 to 3384 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:

	1988	1987
	\$(000)	\$(000)
Company	194,667	(38,736)
Fringe benefit tax	64,331	45,199
Individuals	2,193,060	1,886,091
Miscellaneous	2,600	40,987
Non-resident withholding tax	50,645	.. ¹
	<u>\$2,505,303</u>	<u>\$1,933,541</u>

Footnote:

¹ Figures not available.

Income tax is net of refunds.

Refunds to exporters in terms of the Income Tax Act 1976 were \$37,574,066 for the three months ended 30 June 1988 and \$55,163,568 for the corresponding period in 1987.

2. Other Direct Taxation

Details of other direct taxation are as follows:

Estate and gift duty	13,167	10,371
Land tax	1,893	1,325
	<u>\$15,060</u>	<u>\$11,696</u>

3. Other Indirect Taxation

Details of other indirect taxation are as follows:

Domestic air travel tax .. .. .	..	5
Energy resources levy	14,401	13,444
Gaming duties—		
Lottery	4,433	1,292
Totalisator	12,113	12,797
	<u>16,546</u>	
Instrument duty—		
Cheque duty	4,652	4,377
Stamp duty	30,549	50,324
	<u>35,201</u>	
International departure tax .. .. .	..	(2)
Motor spirits duty refunds .. .. .	..	(29)
Motor vehicles, fees and charges	21,129	13,660
	<u>\$87,277</u>	<u>\$95,868</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.

	1988	1987
	\$(000)	\$(000)
On capital liability—		
Energy: Geothermal	401	401
Energy: Mines .. .. .	..	305
Housing	38,513	35,332
Housing Corporation of New Zealand	57,268	75,116
New Zealand Railways Corporation	350	507
Post Office .. .. .	..	256
Revolving funds—		
Government Computing Service Fund	1,999	..
Government Printing Office Fund	1,580	1,461
Rural Banking and Finance Corporation of New Zealand	60,786	70,348
	160,897	183,726
On other public money—		
Investments made in respect of the—		
Consolidated Account	1,925	1
Trust Account .. .. .	..	534
Loans Account	11,296	41,542
Loans Redemption Account	34,164	40,120
On advances to—		
Loans and advances to hospitals, local authorities etc.	1,015	105
	48,400	82,302
Payments received from state-owned enterprises—		
Airways Corporation of New Zealand Ltd.	2,095	..
Coal Corporation of New Zealand Ltd.	332	..
Electricity Corporation of New Zealand Ltd.	88,317	..
Land Corporation Ltd.	10,370	..
New Zealand Forestry Corporation Ltd.	15,000	..
	116,114	..
	\$325,411	\$266,028
5. Dividends		
The following amounts were received by way of dividends during the period:		
Revolving Funds—		
Government Computing Service Fund	\$3,706	..
6. Profits		
The following profits were received during the period:		
Reserve Bank of New Zealand	\$50,000	\$32,588

7. Departmental Receipts

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

	1988	1987
	\$(000)	\$(000)
Agriculture and Fisheries	28,383	36,801
Audit	2,544	1,914
Conservation	1,584	1,122
Crown Law	145	71
Customs	1,532	816
Defence	5,543	2,669
Education	5,112	5,454
Energy (Programme I)	5,759	8,188
Environment	145	17
Foreign Affairs	1,745	2,963
Forestry	1,523	970
Health	2,410	2,916
Inland Revenue	519	5
Internal Affairs	6,590	4,091
Justice	38,016	32,956
Labour	3,438	1,154
Lands	1,373	269
Maori Affairs	11,499	10,355
Office of the Clerk	1	..
Parliamentary Service	3	1
Police	1,525	1,352
Prime Minister	16	..
Social Welfare	9,352	12,533
State Services Commission	18,089	12,059
Statistics	561	282
Survey and Land Information	4,369	1,891
Tourist and Publicity	2,194	1,299
Trade and Industry	5,778	1,552
Transport	11,128	11,563
Treasury	4,192	1,479
Valuation ¹ .. .. .	..	5,637
Women's Affairs	2	4
Works and Development .. .. .	..	227,204
	\$175,070	\$389,587

Footnote:

¹ From 1 April 1988 Valuation Department was established as a revolving fund in terms of Section 52A of the Public Finance Act 1977. As a consequence all receipts are credited to the Valuation Department Fund in the Trust Account.

8. Special Receipts

The following are details of this category of receipts:

	1988	1987
	\$(000)	\$(000)
Airways Corporation of New Zealand Ltd.	51,000	..
The price of assets purchased from the Crown by the Airways Corporation of New Zealand Ltd. was \$51,000,000. The Crown advanced \$41,000,000 in consideration for the issue of 41,000,000 ordinary \$1 shares.		
Capital gains on realisation of investments (net)	2,897	31,138
These are the net gains offset by losses made on the realisation of the investment of Public Account balances, etc.		
Electricity Corporation of New Zealand Ltd.	3,784,787	..
In the sale and purchase agreement for Electricity Corporation of New Zealand Ltd. the Crown agreed to advance \$6,300,000,000 to the Corporation (\$3,300,000,000 being an equity advance and \$3,000,000,000 being a loan advance). Of the \$6,300,000,000 the Corporation paid to the Crown, \$2,515,213,000 was used to repay its outstanding liability to the Crown and the balance of \$3,784,787,000 was recorded as a Consolidated Account receipt.		
Employer Superannuation Subsidy	440	..
To show the true cost of departmental activities, those departments which are not liable to pay an employer's contribution into the Government Superannuation Fund are now levied a notional charge. The departments thus affected are debited with an assessment of the future superannuation liability associated with current employees. The revenue item appearing here represents the contra entry to the aggregate of this notional superannuation charge to the various votes.		
Government Property Services Ltd.	296,965	..
The price of the assets purchased from the Crown by Government Property Services Ltd. was \$495,108,000. A part payment of \$296,965,000 was received as a Consolidated Account receipt in the current quarter.		
Import Licence Premiums	9,261	26,386
The receipts are in respect of import licence allocations offered by way of tender to interested parties.		
Land Corporation Ltd.	9,465	..
The Crown advanced \$271,417,215 to Land Corporation Ltd. in consideration for the issue by Land Corporation Ltd. of ordinary and preference shares totalling \$201,900,000 and of a loan advance of \$69,517,215. Sale of assets to Land Corporation Ltd. realised \$271,517,215 of which \$262,051,895 was applied against liabilities outstanding to the Crown and the balance of \$9,465,320 was recorded as a Consolidated Account receipt.		
New Zealand Refining Company Ltd.	..	1,759
New Zealand Post Ltd.	186,184	..
Prior to the conclusion of the contract with New Zealand Post Ltd., in respect of assets relating to the postal function of the former Post Office, a payment of \$178,229,000 was received from New Zealand Post Ltd. A final payment to the Crown of \$7,955,000 on finalisation of asset valuation was received, both payments were recorded as Consolidated Account receipts in the current quarter. The Crown has made a loan advance of \$53,000,000 and an equity advance of \$120,000,000 to New Zealand Post Ltd.		
Notional tax payment	2,800	..
The receipt is a payment to the Consolidated Account in lieu of Income Tax from the following Revolving Fund— Government Computing Service Fund		
Revolving Funds	21,705	..
Government Computing Service Fund The Government Computing Service Fund has now been disestablished and Government Computing Services Ltd. has been formed as a state-owned enterprise. After making a notional tax payment (see immediately preceding sub-note) and declaring a dividend (see Note 5), the moneys remaining in the Trust Account were transferred to the Consolidated Account.		
Sales of surplus Crown Land Properties	50	..
The payments are from the Housing Corporation of New Zealand and are in respect to the sale of surplus houses previously owned by New Zealand Post Ltd. and the New Zealand Forest Service.		
	\$4,365,554	\$59,283

9. Payments Under Permanent Appropriations—Consolidated Account

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

	1988	1987
	\$(000)	\$(000)
CIVIL LIST		
His Excellency the Governor-General—		
Salary	17	19
Other Expenses	250	232
	<u>267</u>	<u>251</u>
His Excellency the Administrator of the Government—		
Salary	98	..
Executive Council and Ministers—		
Salaries	554	484
Allowances	56	61
	<u>610</u>	<u>545</u>
Parliamentary Under-Secretaries—		
Salary	73	110
Allowances	7	13
	<u>80</u>	<u>123</u>
Mr Speaker, House of Representatives—		
Salary	26	26
Allowances	2	3
	<u>28</u>	<u>29</u>
Chairman of Committees—		
Salary	21	23
Allowances	3	3
	<u>24</u>	<u>26</u>
Leader of the Opposition—		
Salary	25	26
Allowances	6	5
	<u>31</u>	<u>31</u>
Members of the House of Representatives—		
Salaries	1,057	1,134
Allowances	185	230
	<u>1,242</u>	<u>1,364</u>
Annuity to former Governor-General	7	7
Annuity to former Prime Minister	6	5
Annuity to widow of former Prime Minister	1	1
Annuity to widow of former Governor-General	3	2
	<u>17</u>	<u>15</u>
	<u>\$2,397</u>	<u>\$2,384</u>
DEBT SERVICES		
Administration and management— ¹		
Charges and expenses of raising and repaying loans .. .. .	..	5,924
Management charges	(327)	2,092
Expenses (receipts) in connection with swap transactions	(7,082)	..
	<u>(7,409)</u>	<u>8,016</u>
Interest—		
In New Zealand	719,346	848,018
Overseas	403,693	406,938
	<u>1,123,039</u>	<u>1,254,956</u>
	<u>\$1,115,630</u>	<u>\$1,262,972</u>

Footnote:

¹ Refer to Note 27.

9. Payments Under Permanent Appropriations—Consolidated Account—continued

	1988	1987
	\$(000)	\$(000)
SUPERANNUATION		
Contribution to Government Superannuation Fund	94,065	81,376
Contributions on refunds and transfers values .. .. .	..	3,896
Judges retiring allowances, annuities, and refunds of contributions .. .. .	..	484
Refund of Superannuation annuities and allowances	148	..
Subsidy to Parliamentary Superannuation Account .. .. .	..	106
	\$94,213	\$85,862
MISCELLANEOUS		
Export Guarantee Act 1964 Section 10 (7)		
Reimbursement to Export Guarantee Office re settlement claim from—		
Kraft Foods Ltd .. .. .	..	7,370
Subsidy to National Provident Fund	2,825	3,767
Annual payments to Maori Trust Boards	77	77
Contributions to national superannuation schemes	375	1,452
Exemptions from taxation, etc.	44	162
Grants for Maori purposes	6	1
Mining Act 1971—		
Grants to local authorities	69	180
Payments to parties entitled	9	2
Salaries and allowances—		
Chief Judge and Judges of the Maori Land Court	199	197
Controller and Auditor-General and Deputy	47	43
District Court Judges	1,586	1,945
Family Court Judges	610	424
Judges of Arbitration Court and of Compensation Court	136	119
Judges of Court of Appeal and High Court	1,069	1,007
Ombudsmen	47	36
Parliamentary Commissioner for the Environment	23	..
	\$7,122	\$16,782
Total, Consolidated Account Permanent Appropriations	\$1,219,362	\$1,368,000

10. Special Payments

Realised Gains/Losses through currency conversion

The following realised gains/losses were obtained as a result of the daily conversion from NZ\$ to foreign currency and vice versa, of transactions in respect of—

Imprest	(1,322)	(2,863)
Investments	173,036	114,760
Public Debt	(138)	17,620
Sovereign Note	62	3,489
Swaps	2,599	..

Realignment of Balances—Unrealised Gains/Losses

The following discloses the realignment of Imprest Account balances and value of investments consequent on changes in exchange rates (Additional information is contained in Note 25)

Imprest Account Balances .. .. .	..	1,397
Investments	56,259	89,118
	\$230,496	\$223,521

11. Loans Raised:

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

	1988	1987
	\$(000)	\$(000)
In New Zealand		
Kiwi Bonds—		
11.75 percent various	2,792	
12 percent various	4,556	
12.5 percent various	13	
13 percent various	8	
14 percent various	36	
14.25 percent various	5	
	<hr/>	
Non-Discountable securities	7,410	26,908
	..	509,000
Special Issues	105,500	..
Tender Stock—		
10 percent 15 November 1993	910,020	845,785
	<hr/>	<hr/>
	1,022,930	1,381,693
Overseas		
Capital equipment credit arrangements .. .. .	..	6,868
	<hr/>	<hr/>
	\$1,022,930	\$1,388,561

12. 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.

13. Permanent Appropriations, Loans Account

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

Subscription to IMF .. .. .	..	7
Encashment of securities—ADB	1,900	900
Charges and expenses of raising loans—		
In New Zealand—		
Discounts on tender stock	101,046	55,438
	<hr/>	<hr/>
	\$102,946	\$56,345

14. Loans Account

Temporary transfer from Trust Account repaid.

This temporary transfer was made on 31 March 1988 in terms of Section 46 (1) of the Public Finance Act 1977. In terms of the Act the money was transferred back to the Trust Account.

15. Loans raised overseas for the purpose of repaying loans

These are as follows:

Maturity Year Ending 31 March		
1989	265,221	
1990		8,749
1994	779,509	
1996	599,094	532,209
1998	..	265,722
2003	..	321,960
	<hr/>	<hr/>
	\$1,643,824	\$1,128,640

16. Money Received for Repayment of Loans and Advances

Details are as follows:

Capital Equipment Credit Arrangements—		
Energy: Mines		7,278
New Zealand Railways Corporation	1,481	1,823
Vote Defence	5,382	5,570
Vote Transport (Airport Development)	7	..
	<hr/>	<hr/>
	6,870	14,671
Other Loans and Advances—		
Coal Corporation of New Zealand Ltd	5,528	..
Energy: Electricity	2,515,213	..
Energy: Mines	68,372	..
Lands and Survey—Land Settlement	255,444	..
Land Corporation Ltd.	6,608	..
	<hr/>	<hr/>
	2,851,165	..
	<hr/>	<hr/>
	\$2,858,035	\$14,671

17. Gains on Redemption of Securities

This item is derived from the redemption of Treasury bills totalling \$152,000,000 from the Reserve Bank of New Zealand at a settlement of \$147,532,714.

18. Summary of Loans Repaid

Three months ended 30 June 1987 \$(000)		Three months ended 30 June 1988 Currency \$(000)								
New Zealand	Overseas	Maturing Year Ending 31 March	New Zealand	Overseas	£Stg.	Deutsche- mark	US\$	Swiss Franc	Aust.\$	Misc
102,110	294,606	1988	..	..	..	..	..	..	..	..
16,000	8,459	1989	197,095	263,254	8,620	254,634	..	..	..	..
450	4,862	1990	..	9,333	..	..	9,333	..	..	..
..	2,999	1991	..	1,092	..	..	..	1,092	..	..
..	571,908	1992	..	201	..	..	..	..	..	201
14,000	181,120	1993	..	100,190	389	..	..	99,801	..	..
..	2,825	1994	..	108,818	2,773	..	106,045	..	..	..
..	827,951	1995	..	..	..	..	..	..	..	..
..	..	1996	..	117,716	..	..	..	..	117,716	..
..	..	1998	..	171,416	171,416	..	..	..	..	..
..	..	2001	..	75,746	..	..	75,746	..	..	..
32	..	Death Duty	86	..	..	..	..	..	..	..
31,134	..	Infl. Bonds	28,988	..	..	..	..	..	..	..
935	..	Kiwi Bonds	7,509	..	..	..	..	..	..	..
29,486	..	Kiwi Sav. Stock	2,675	..	..	..	..	..	..	..
509,000	..	Non-Discountable Securities	..	..	..	..	..	..	..	..
824	..	Our N.Z. Bonds	1,150	..	..	..	..	..	..	..
60,000	..	Special Issues	..	..	..	..	..	..	..	..
309,579	..	Tender Stock	50,000	..	..	..	..	..	..	..
2,076,000	..	Tsy. Bills	1,965,765	..	..	..	..	..	..	..
..	1,794,459	Sovereign Notes	..	1,461,016	..	..	1,461,016	..	..	..
<u>3,149,550</u>	<u>3,689,189</u>	Totals	<u>2,253,268</u>	<u>2,308,782</u>	<u>183,198</u>	<u>254,634</u>	<u>1,652,140</u>	<u>100,893</u>	<u>117,716</u>	<u>201</u>
<u>\$6,838,739</u>			<u>\$4,562,050</u>							

19. Taxation, National Roads Fund

Taxation into this Fund during the three months are:

	1988	1987
	\$(000)	\$(000)
Excise duty	74,543	64,560
Road User Charges	62,850	70,516
	<u>\$137,393</u>	<u>\$135,076</u>

20. Other Receipts, National Roads Fund

These are as follows—

Interest	2,360	822
Miscellaneous	407	321
Receipts from land and property	603	..
	<u>\$3,370</u>	<u>\$1,143</u>

21. 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.

22. Investments—Public Account Balances

Investments held in New Zealand increased by \$215,608,000 and those held overseas decreased by \$217,448,000. The following table summaries, by currency, investment holdings for the three months ended 30 June 1988 and the corresponding period in 1987:

<i>Currency</i>			
Canadian dollar		7,631	10,964
Deutschemark		267,041	352,150
Dutch guilder		65,069	42,937
Japanese yen		2,193,475	1,326,273
Pound sterling		49,844	111,879
Swiss franc		77	111,687
United States dollar		1,372,327	3,146,697
		<u>3,955,464</u>	<u>5,102,587</u>
Total Overseas		3,955,464	5,102,587
New Zealand dollar ¹		220,766	127,570
		<u>\$4,176,230</u>	<u>\$5,230,157</u>
Total Investments held			

Footnote:

¹ Includes investments of \$215,608,000 held by the National Roads Fund.

23. Expenditure Statement**New Votes:****Office of the Clerk—**

The Office of the Clerk was established as a separate Vote on 1 April 1988. Expenditure was previously met from Vote Parliamentary Service.

Parliamentary Counsel Office—

The Parliamentary Counsel Office was established as a separate Vote on 1 April 1988. Expenditure was previously met from Vote Parliamentary Service.

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

This figure does not include the sum of \$496,933,383 being the assessment by the Reserve Bank of New Zealand of the obligation at 30 June 1988 in respect of the premium on redemption.

25. Movements in Currency Values

In accordance with the Particular Accounting Policy adopted in respect of foreign currencies the exchange rates were officially realigned on 30 June 1988. The New Zealand dollar values of overseas public debt, investments, and cash holdings were adjusted accordingly.

The total net decrease in the public debt of \$715,511,000 arising from 30 June 1988 realignment consisted of:

	Realignment 30 June 1988	
	Increase (\$000)	Decrease \$(000)
Loans denominated in—		
Australian dollar .. .. .	..	56
Canadian dollar	6,922	..
Deutschemark .. .. .	..	80,209
Dutch guilder .. .. .	..	9,776
European currency unit .. .. .	..	57,884
Indian rupee .. .. .	..	223
Japanese yen .. .. .	..	246,994
Pound sterling .. .. .	..	79,792
Swiss franc .. .. .	..	140,024
United States dollar .. .. .	..	107,439
	<u>6,922</u>	<u>722,397</u>
IBRD loans (various currencies) .. .. .	..	36
Net decrease	<u>715,511</u>	<u>..</u>
	<u>\$722,433</u>	<u>\$722,433</u>

The total net decrease \$69,131,000 in the overseas investments consisted of:

	Realignment 30 June 1988	
	Increase (\$000)	Decrease \$(000)
Investments denominated in—		
Canadian dollar	165	..
Deutschemark .. .. .	..	27,366
Dutch guilder .. .. .	..	4,062
Japanese yen .. .. .	..	58,927
Pound sterling	4,105	..
Swiss franc .. .. .	..	6
United States dollar	16,960	..
	<u>21,230</u>	<u>90,361</u>
Net decrease	<u>69,131</u>	<u>..</u>
	<u>\$90,361</u>	<u>\$90,361</u>

26. Swap Transactions

As permitted by Section 91A of the Public Finance Act 1977, the Government entered into currency swap arrangements during the year. Under such arrangements the proceeds of a borrowing are converted into a different currency and, simultaneously, a forward exchange agreement is executed providing for a schedule of future exchanges of the two currencies in order to recover the currency converted. The effect is to transform the cost of the original borrowing to a cost which reflects the market yield of the currency obtained in the conversion.

While it is impracticable to record the details of the swap arrangements in the public debt tables, the following schedule shows the effect of the swap transactions undertaken during the year. The amounts in brackets disclose the equivalent principal payments required under the swap agreements while other amounts disclose the resulting equivalent principal receipts accruing from the swap agreements. The amounts have been calculated using exchange rates applying as at 30 June 1988. The amounts stated below in New Zealand dollars relates to the following currencies.

Maturing Year Ending 31 March	Currency \$(000)							
	US\$	Japanese Yen	European Cur- rency Unit	£Stg.	Deutsch- mark	Can.\$	Aust.\$	NZ\$
1991	185,019	..	(169,895)	..	..	..	..	..
1992	419,939	(314,552)	(169,895)	..	..	..	..	122,695
1993	334,567	..	(339,195)	..	..	..	..	..
1994	1,073,766	(466,592)	..	(255,167)	(245,298)	..	..	..
1996	717,911	(448,290)	..	..	..	(152,216)	(117,661)	..

27. Debt Services—Administration and Management

The charges and expenses in connection with raising and repaying loans are now recorded in the Loans Redemption Account where loan proceeds are credited, because these loans are raised for refinancing purposes.

Management charges and expenses/receipts in connection with swap transactions result from the net effect of upfront swap receipts exceeding payments for the quarter.

G. C. SCOTT,
Secretary to the Treasury
29 July 1988

R. C. W. HAMILTON,
Director, Finance and Management,
The Treasury
29 July 1988

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 1988 as required by section 67 of that Act.

In the opinion of the Audit Office, the Summary of Receipts and Payments appearing on pages 3360 to 3384 properly reflects, in accordance with the statement of accounting policies on page 3359 the balance of the public debt outstanding at 30 June 1988 and the transactions of the Public Account for the three months ended on that date.

J. W. CAMERON,
Deputy Controller and Auditor-General.
12 August 1988



