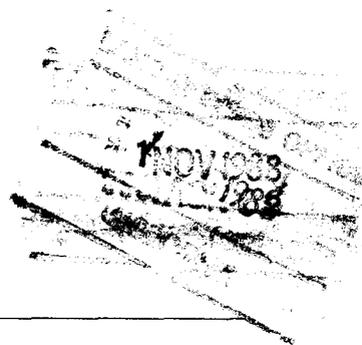


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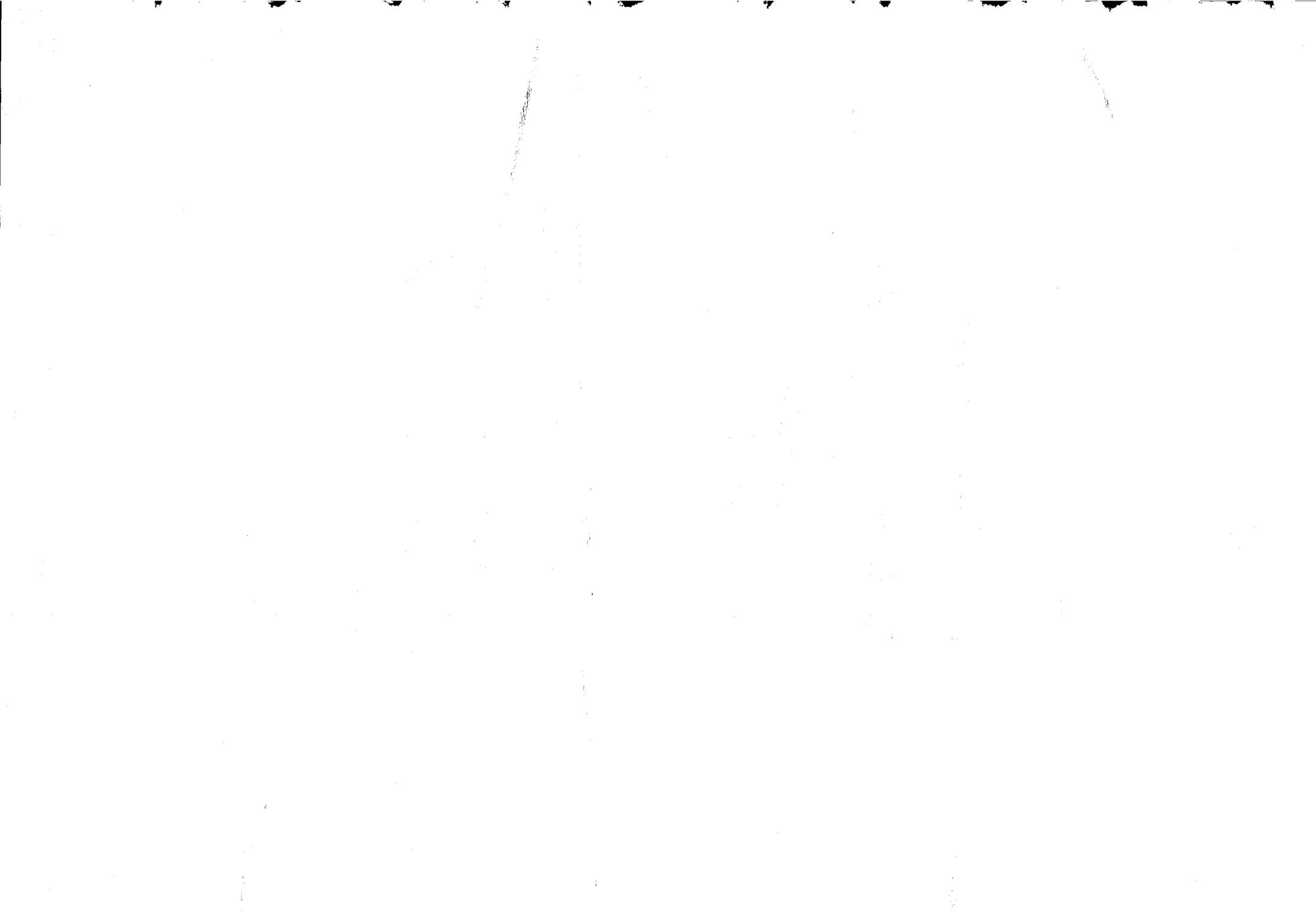


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SUMMARY
OF THE
RECEIPTS AND PAYMENTS
OF THE
PUBLIC ACCOUNT
FOR THE
SIX MONTHS ENDED 30 SEPTEMBER 1988



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 five 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 the current financial year in respect of accounting for foreign currencies.

Prior to 1 April 1988, the accounting treatment was as follows:

- foreign currency transactions excluding the Sovereign Note Program 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.
- in respect of the Sovereign Note Program 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.

From 1 April 1988 the accounting policy in respect of all foreign currency transactions is 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

	Six Months Ended 30 September 1988			Six Months Ended 30 September 1987
	\$(000)	\$(000)	\$(000)	\$(000)
RECEIPTS INTO PUBLIC ACCOUNT				
Taxation—				
Consolidated Account	9,407,447			8,517,169
National Roads Fund	268,948			284,465
		9,676,395		8,801,634
Interest, dividends and profits—				
Consolidated Account	886,453			634,521
Reserve Account	16,671			15,619
		903,124		650,140
Departmental and Special Receipts—				
Consolidated Account	5,292,284			1,071,548
National Roads Fund	19,753			16,012
Reserve Account	5,997			..
		5,318,034		1,087,560
Repayment of loans and advances—				
Loans Redemption Account		3,350,439		28,887
Changes in balances—				
Increase in advances to Impreestees	(15,099)			(115,598)
Increase in Suspense Account	46,012			29,941
		30,913		(85,657)
			19,278,905	10,482,564
PAYMENTS FROM PUBLIC ACCOUNT				
Annual appropriations—				
Consolidated Account	10,963,540			10,647,232
Loans Account	7,479,162			274,600
		18,442,702		10,921,832
Permanent appropriations—				
Consolidated Account	2,655,319			2,907,766
Loans Account ¹	1,900			2,002
National Roads Fund	207,713			140,198
		2,864,932		3,049,966
Special Payments—				
Consolidated Account	14,055			533,794
Reserve Account .. .. .	..			35,102
		14,055		568,896
Unauthorised expenditure for services and purposes not provided for—				
National Roads Fund				2
Changes in balances—				
Net payments from Trust Account		1,219,044		308,048
			22,540,733	14,848,744
Deficit on operations			\$3,261,828	\$4,366,180

Footnotes:

¹ Excludes charges and expenses of raising loans \$225,096,418.

SECTION

TABLE 2—SUMMARY OF
PUBLIC ACCOUNT FINANCING

	Six Months Ended 30 September 1988		Six Months Ended 30 September 1987
	\$(000)	\$(000)	\$(000)
NEW BORROWING			
Loans Account			
Borrowing in New Zealand and Overseas	2,372,653		2,143,508
<i>Less</i> purchases through capital equipment credit arrangements			(20,230)
<i>Less</i> charges and expenses of raising loans	(225,096)		(112,795)
<i>Plus</i> premiums on issues	17,835		3,827
		2,165,392	2,014,310
Loans Redemption Account			
Borrowing in New Zealand and Overseas	10,574,842		11,200,706
<i>Less</i> charges and expenses of raising loans	(141,496)		(67,389)
		10,433,346	11,133,317
Net cash proceeds from new borrowing		12,598,738	13,147,627
REPAYMENTS			
Loans Redemption Account			
Repayments in New Zealand and Overseas	10,639,301		11,580,355
<i>Less</i> gains on redemption of securities	(13,762)		(8,806)
		10,625,539	11,571,549
Net cash flow from borrowing		1,973,199	1,576,078
CHANGES IN BALANCES OF—			
Cash at bank	442,481		493,860
Investments	846,148		2,296,242
		1,288,629	2,790,102
		\$3,261,828	\$4,366,180

CONSOLIDATED

RECEIPTS	Note	Six Months Ended 30 September 1988			Six Months Ended 30 September 1987
		\$(000)	\$(000)	\$(000)	\$(000)
Taxation					
Direct taxation—					
Income tax	1	5,879,577			4,992,537
Other taxation	2	36,242			25,644
			5,915,819		5,018,181
Indirect taxation—					
Customs duty		239,685			495,457
Excise duties		927,592			987,073
Goods and services tax		2,125,790			1,771,206
Other taxation	3	198,561			245,252
			3,491,628		3,498,988
				9,407,447	8,517,169
Interest, Dividends and Profits—					
Interest on Capital Liabilities and Investments	4		651,966		495,941
Dividends	5		145,123		95,826
Profits	6		89,364		42,754
				886,453	634,521
Departmental Receipts	7			458,437	979,178
Total Ordinary Receipts				10,752,337	10,130,868
Special Receipts	8			4,833,847	92,370
Deficit at end of six months					3,865,554
				\$15,586,184	\$14,088,792
Opening balance, 1 April 1988				134,655	126,225
Surplus at end of six months				1,953,270	..
				\$2,087,925	\$126,225

ACCOUNT

PAYMENTS	Note	Six Months Ended 30 September 1988	Six Months Ended 30 September 1987
Permanent appropriations	9	\$(000) 2,655,319	\$(000) 2,907,766
Annual appropriations <i>(For details, refer Expenditure Statement on page 5067)</i>		10,963,540	10,647,232
Total Ordinary Payments		13,618,859	13,554,998
Special Payments	10	14,055	533,794
Surplus at end of six months		1,953,270	..
		\$15,586,184	\$14,088,792
Deficit at end of six months .. .. .		..	3,865,554
Closing balance, 30 September 1988		2,087,925	(3,739,329)
		\$2,087,925	\$126,225

should be read in conjunction with the accounts.

										LOANS			
										RECEIPTS										Six Months Ended 30 September 1987	Six Months Ended 30 September 1988	Six Months Ended 30 September 1988
										Note	\$(000)	\$(000)	\$(000)
Loans raised—													
In New Zealand													
Overseas										11	2,372,653		2,123,278
													20,230
												2,372,653	2,143,508
Other Securities issued													102,770
Premium on issues												17,835	3,827
Deficit at end of six months												5,315,670	..
												\$7,706,158	\$2,250,105
Opening balance, 1 April 1988												54,906	8,421
Surplus at end of six months													1,737,708
												\$54,906	\$1,746,129

										LOANS REDEMPTION			
										\$(000)	\$(000)	\$(000)	
Loans raised for the purpose of repaying loans—													
Overseas—													
Cash loans										14	1,718,899		1,128,640
Sovereign Notes											2,654,843		3,582,066
												4,373,742	4,710,706
Reserve Bank Notes										15	420,100		
Treasury bills issued											5,781,000		6,490,000
												6,201,100	6,490,000
Money received for repayment of loans and advances										16		3,350,411	28,879
Other money received												28	8
Gains on redemption of securities										17		13,762	8,806
Deficit at end of six months													409,345
												\$13,939,043	\$11,647,744
Opening balance, 1 April 1988												162,431	385,362
Surplus at end of six months												3,158,246	..
												\$3,320,677	\$385,362

ACCOUNT

PAYMENTS	Note	Six Months Ended		Six
		30 September 1988	30 September 1987	Months Ended
		\$(000)	\$(000)	30 September 1987
Permanent appropriations	12		226,996	114,797
Annual appropriations (For details refer Expenditure Statement on page 5067)			7,479,162	274,600
Capital equipment purchased under credit arrangements .. .. .			..	20,230
Other Securities issued .. .. .			..	102,770
Surplus at end of six months .. .. .			..	1,737,708
			<u>7,706,158</u>	<u>2,250,105</u>
Deficit at end of six months			5,315,670	..
Temporary transfer from Trust Account repaid	13		1,700,000	..
Closing balance, 30 September 1988			(6,960,764)	1,746,129
			<u>\$54,906</u>	<u>\$1,746,129</u>

ACCOUNT

		\$(000)	\$(000)	\$(000)
Loans repaid—	18			
In New Zealand		1,357,276		1,672,884
Overseas—				
General repayments and other purposes		2,397,180		2,770,959
Sovereign Notes		2,460,485		3,601,512
			<u>6,214,941</u>	<u>8,045,355</u>
Treasury bills redeemed			4,424,360	3,535,000
Charges and expenses of raising and repaying loans—				
General		53,867		11,989
Flexible financing facilities rollover expenses .. .. .		..		2,924
Premium on redemption, Inflation-adjusted savings bonds		80,469		46,778
Premiums on overseas loans		7,160		5,698
			<u>141,496</u>	<u>67,389</u>
Surplus at end of six months			3,158,246	..
			<u>\$13,939,043</u>	<u>\$11,647,744</u>
Deficit at end of six months .. .. .			..	409,345
Closing balance, 30 September 1988			3,320,677	(23,983)
			<u>\$3,320,677</u>	<u>\$385,362</u>

should be read in conjunction with the accounts.

NATIONAL ROADS

RECEIPTS											Six Months Ended 30 September 1988	Six Months Ended 30 September 1987	
											Note	\$(000)	\$(000)
Taxation	..	..	..	..	..	..	..	..	..	..	19	268,948	284,465
Other receipts	..	..	..	..	..	..	..	..	..	..	20	19,753	16,012
												<u>\$288,701</u>	<u>\$300,477</u>
Opening balance, 1 April 1988	..	..	..	..	..	..	..	..	..	..		113,516	17,130
Surplus at end of six months	..	..	..	..	..	..	..	..	..	..		<u>80,988</u>	<u>160,277</u>
												<u>\$194,504</u>	<u>\$177,407</u>

RESERVE

											\$(000)	\$(000)	
Interest on investments		16,671	15,619
Adjustment of value of investments consequent on changes in exchange rates		5,997	(35,102)
Deficit at end of six months	19,483
												<u>\$22,668</u>	<u>..</u>
Opening balance, 1 April 1988		415,861	396,543
Surplus at end of six months		22,668	..
												<u>\$438,529</u>	<u>\$396,543</u>

TRUST

											\$(000)	\$(000)	
Receipts through revolving funds		282,615	406,986
Other receipts		976,608	915,524
Deficit at end of six months		<u>1,219,044</u>	<u>308,048</u>
												<u>\$2,478,267</u>	<u>\$1,630,558</u>
Opening balance, 1 April 1988		3,545,943	5,924,026
Temporary transfer to Loans Account repaid	13	1,700,000	..
												<u>\$5,245,943</u>	<u>\$5,924,026</u>

FUND

PAYMENTS	Note	Six Months Ended	Six Months Ended
		30 September 1988	30 September 1987
		\$(000)	\$(000)
Expenditure		207,713	140,198
Unauthorised expenditure under section 28A National Roads Act 1953	2
Surplus at end of six months		80,988	160,277
		<u>\$288,701</u>	<u>\$300,477</u>
Closing balance, 30 September 1988		194,504	177,407
		<u>\$194,504</u>	<u>\$177,407</u>

ACCOUNT

	\$(000)	\$(000)
Surplus at end of six months	22,668	..
	<u>\$22,668</u>	<u>..</u>
Deficit at end of six months .. .. .	..	19,483
Closing balance, 30 September 1988	438,529	377,060
	<u>\$438,529</u>	<u>\$396,543</u>

ACCOUNT

	\$(000)	\$(000)
Payments through revolving funds	305,281	415,401
Other payments	2,172,986	1,215,157
	<u>\$2,478,267</u>	<u>\$1,630,558</u>
Deficit at end of six months	1,219,044	308,048
Closing balance, 30 September 1988	4,026,899	5,615,978
	<u>\$5,245,943</u>	<u>\$5,924,026</u>

should be read in conjunction to the accounts.

SUMMARY OF BALANCES

	Note	At 30 September 1988	At 30 September 1987
		\$(000)	\$(000)
Consolidated Account		2,087,925	(3,739,329)
Loans Account		(6,960,764)	1,746,129
Loans Redemption Account		3,320,677	(23,983)
National Roads Fund		194,504	177,407
Reserve Account		438,529	377,060
Suspense Account	21	53,485	29,942
Trust Account		4,026,899	5,615,978
		<u>3,161,255</u>	<u>4,183,204</u>

COMPOSITION OF BALANCES

	Note	At 30 September 1988	At 30 September 1987
		\$(000)	\$(000)
Cash		(319,041)	(367,625)
Imprests		148,374	220,845
Investments—			
In New Zealand	22	208,591	151,358
Overseas		3,123,331	4,178,626
		<u>3,331,922</u>	<u>4,329,984</u>
		<u>3,161,255</u>	<u>4,183,204</u>

EXPENDITURE STATEMENT

Expenditure in Anticipation of Appropriation Act

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

The *first category* relates to the period 1 April to 30 June of any financial year when money issued and applied is not permitted to exceed, without the approval of the Minister of Finance the total of—

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

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

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

Expenditure		1988	1987
CONSOLIDATED ACCOUNT		\$(000)	\$(000)
	Note		
Accident Compensation		48,114	143
Agriculture and Fisheries		275,616	165,581
Audit		11,938	9,468
Broadcasting		187	170
Building Performance Guarantee Corporation ¹ .. .. .		..	11
Capital Participation in Crown and other organisations		785	..
Conservation		62,759	40,192
Crown Law		5,394	4,172
Customs		34,942	34,579
Defence		658,917	553,742
Domestic and External Security Secretariat		161	..
Education		1,900,399	1,636,559
Energy (Programme I)		161,628	213,518
Environment		22,814	2,255
Foreign Affairs		116,863	111,461
Forestry		31,146	83,809
Government Life Insurance Corporation		30	18
Government Printing Office		68	..
Health		1,896,242	1,668,493
Housing Corporation (Programmes I and II)		138,131	136,915
Inland Revenue		340,585	294,519
Internal Affairs		106,521	98,414
Justice		244,185	196,336
Labour		218,389	318,971
Lands		6,343	12,058
Maori Affairs		109,653	97,492
Office of the Clerk	23	3,034	..
Office of the Ombudsmen		997	826
Parliamentary Commissioner for the Environment		479	424
Parliamentary Counsel Office	23	539	..
Parliamentary Service		15,179	18,023
Police		231,781	188,343
Prime Minister		1,115	1,128
Privacy Commissioner		99	89
Railways		172	126
Rural Banking and Finance Corporation (Programmes I and II) ¹ .. .. .		..	26,667
Scientific and Industrial Research		92,374	78,024
Security Intelligence Service		5,452	4,342
Social Welfare		3,823,646	3,309,235
State Services Commission		56,044	84,164
Statistics		19,239	18,023
Survey and Land Information		26,682	24,188
Tourist and Publicity		32,846	27,387
Trade and Industry		67,397	80,360
Transport		149,977	192,444
Treasury		40,575	185,506
Valuation		2,684	12,262
Women's Affairs		1,419	761
Works and Development ¹ .. .. .		..	716,034
Total, Consolidated Account		<u>\$10,963,540</u>	<u>\$10,647,232</u>
LOANS ACCOUNT			
Capital Participation in Crown and other organisations	24	7,429,162	250,600
Energy (Programme II)		50,000	24,000
Total, Loans Account		<u>\$7,479,162</u>	<u>\$274,600</u>

Footnote:

¹ No amount has been appropriated in this financial year.

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 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 September 1988 \$(000)		As at 30 September 1987 \$(000)	
		New Zealand	Overseas	New Zealand	Overseas
1988		..	..	1,626,066	585,982
1989		2,004,293	187,250	2,992,671	710,091
1990		3,448,300	1,405,840	3,448,302	2,010,191
1991		2,558,487	761,937	1,934,599	1,219,061
1992		3,848,039	1,942,217	3,848,059	2,510,837
1993		2,077,362	1,748,852	1,808,477	1,640,588
1994		2,626,240	2,783,570	766,250	2,133,629
1995		1,266,344	882,326	1,266,344	828,848
1996		456,100	1,382,720	456,100	837,491
1997		523,100	584,293	523,100	595,409
1998		..	885,079	..	843,039
1999		..	340,086	..	239,080
2000		85,000	53,403	85,000	51,110
2001		..	788,337	..	876,465
2002		125,000	53,403	125,000	51,110
2003		..	369,112	..	353,260
2004		..	53,403	..	51,110
2005		..	53,403	..	51,110
2006		..	380,040	..	381,252
2007		..	543,360	..	546,323
2008		..	53,258	..	50,970
2009		..	296,202	..	289,507
2010		..	27,685	..	26,496
2011		..	244,978	..	247,606
2015		..	275,027	..	269,397
2017		..	571,615	..	577,748
Infl. Bonds	25	454,596	..	585,178	..
Kiwi Bonds		266,487	..	345,666	..
Kiwi Sav. Stock		159,400	..	188,269	..
Our N.Z. Bonds		19,433	..	25,231	..
Tsy. Bills		4,308,405	..	4,125,000	..
Reserve Bank Notes	15	420,100	..	..	..
Sovereign Notes		..	759,020	..	972,812
Totals		24,646,686	17,426,416	24,149,312	18,950,522
			<u>\$42,073,102</u>		<u>\$43,099,834</u>

DETAILS OF OVERSEAS DOMICILED PUBLIC DEBT AS AT 30 SEPTEMBER 1988

\$(000)

Maturing Year Ending 31 March	Total	£Stg.	Deutsche- mark	Dutch Guilders	Japanese Yen	US\$	Swiss Francs	Aust.\$	Can.\$	NZ\$	European Currency Unit	Misc.
1989	187,250	12,658	..	30,798	24,285	416	115,112	..	2,968	..	..	1,013
1990	1,405,840	285,929	173,566	76,994	230,710	539,783	98,058	..	..	..	..	800
1991	761,937	7,940	43,391	..	352,137	164,150 ¹	13,633	..	..	..	180,148 ¹	538
1992	1,942,217	8,012	433,915	..	752,844 ¹	734,934 ¹	12,302	..	..	..¹	.. ¹	210
1993	1,748,852	46,177	..	..	291,423	604,279 ¹	266,530	..	..	..	540,443 ¹	..
1994	2,783,570	277,817 ¹	260,349 ¹	..	752,844 ¹	1,437,204 ¹	55,356	..	..	..	..	..
1995	882,326	..	..	..	728,559	..	153,767	..	..	..	..	..
1996	1,382,720	275,027	.. ¹	..	485,706 ¹	326,637 ¹	..	127,812 ¹	167,538 ¹	..	..¹	..
1997	584,293	..	..	..	12,677	571,616	..	..	..	..	..	..
1998	885,079	385,039	..	..	53,403	326,637	..	..	..	120,000	..	..
1999	340,086	..	..	..	53,403	81,660	205,023	..	..	..	..	..
2000	53,403	..	..	..	53,403	..	..	..	..	..	..	..
2001	788,337	..	..	..	53,403	734,934	..	..	..	..	..	..
2002	53,403	..	..	..	53,403	..	..	..	..	..	..	..
2003	369,112	..	..	..	369,112	..	..	..	..	..	..	..
2004	53,403	..	..	..	53,403	..	..	..	..	..	..	..
2005	53,403	..	..	..	53,403	..	..	..	..	..	..	..
2006	380,040	..	..	..	53,403	326,637	..	..	..	..	..	..
2007	543,360	..	..	..	53,404	489,956	..	..	..	..	..	..
2008	53,258	..	..	..	53,258	..	..	..	..	..	..	..
2009	296,202	268,152	..	..	28,050	..	..	..	..	..	..	..
2010	27,685	..	..	..	27,685	..	..	..	..	..	..	..
2011	244,978	..	..	..	..	244,978	..	..	..	..	..	..
2015	275,027	275,027	..	..	..	..	..	..	..	..	..	..
2017	571,615	..	..	..	..	571,615	..	..	..	..	..	..
Sovereign Notes	759,020	..	..	..	..	759,020	..	..	..	..	..	..
	17,426,416	1,841,778	911,221	107,792	4,589,918	7,914,456	919,781	127,812	170,506	120,000	720,591	2,561

Footnotes:

¹Refer to Note 27 "Swap Transactions".

CHANGES IN THE PUBLIC DEBT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1988

	Outstanding 30 September 1988	Outstanding 31 March 1988	Increase (Decrease)
	\$(000)	\$(000)	\$(000)
External debt—			
Pounds Sterling	1,841,778	1,693,643	148,135
Deutschemark	911,221	669,523	241,698
Dutch Guilders	107,792	111,314	(3,522)
Japanese Yen	4,589,918	5,152,530	(562,612)
United States dollars	7,914,456	7,204,180	710,276
Swiss Francs	919,781	1,559,628	(639,847)
Australian dollars	127,812	..	127,812
Canadian dollars	170,506	5,272	165,234
New Zealand dollars	120,000	120,000	..
European Currency Unit	720,591	737,463	(16,872)
Miscellaneous	2,561	3,297	(736)
	<u>17,426,416</u>	<u>17,256,850</u>	<u>169,566</u>
Internal debt—			
Long-term debt	19,918,181	18,902,804	1,015,377
Floating debt	4,728,505	2,951,765	1,776,740
	<u>24,646,686</u>	<u>21,854,569</u>	<u>2,792,117</u>
Total	<u>\$42,073,102</u>	<u>\$39,111,419</u>	<u>\$2,961,683</u>

**TRANSACTIONS IN CONNECTION WITH THE PUBLIC DEBT FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 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	2,372,653											
For repayment of loans (incl. Tsy Bills, Reserve Bank Bills and Sovereign Notes)	6,201,100	4,373,742	278,784	523,864	..	460,325	2,729,919	..	235,433	145,417	..	.. ..
Total, loans raised	5,753,753	4,373,742	278,784	523,864	..	460,325	2,729,919	..	235,433	145,417	..	.. ..
Loans repaid—												
For general repayments (incl. Tsy Bills and Sovereign Notes)	5,781,636	4,849,430	177,420	254,634	..	1,121,886	2,651,609	522,825	117,716	2,937	..	.. 403
Capital equipment credit arrangements	..	8,235	6,496	..	..	..	385	1,092	..	..	..	.. 262
Total, loans repaid	5,781,636	4,857,665	183,916	254,634	..	1,121,886	2,651,994	523,917	117,716	2,937	..	.. 665
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)
30 September 1988 realignment	..	1,369,000	133,059	52,677	6,254	345,943	739,790	24,094	10,151	15,832	..	41,012 188
Total Realignments Increase (Decrease)	..	653,489	53,267	(27,532)	(3,522)	98,949	632,351	(115,930)	10,095	22,754	..	(16,872) (71)
Net increase (decrease) during the year	2,792,117	169,566	148,135	241,698	(3,522)	(562,612)	710,276	(639,847)	127,812	165,234	..	(16,872) (736)
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 September 1988	24,646,686	17,426,416	1,841,778	911,221	107,792	4,589,918	7,914,456	919,781	127,812	170,506	120,000	720,591 2,561
		<u>24,646,686</u>										
		<u>17,426,416</u>										
		<u>\$42,073,102</u>										

NOTES TO THE ACCOUNTS

1. Income Tax

Details of income tax are as follows:

	1988	1987
	\$(000)	\$(000)
Company ¹	485,182	344,814
Fringe benefit tax	259,289	97,715
Individuals	5,045,437	4,475,654
Non-resident withholding tax	92,572	..
Other	(2,903)	74,354
	<u>\$5,879,577</u>	<u>\$4,992,537</u>

Income tax is net of refunds.

Refunds to exporters in terms of the Income Tax Act 1976 were \$59,410,051 for the six months ended 30 September 1988 and \$115,949,320 for the corresponding period in 1987.

2. Other Direct Taxation

Details of other direct taxation are as follows:

Estate and gift duty	28,147	22,062
Land tax	8,095	3,582
	<u>\$36,242</u>	<u>\$25,644</u>

3. Other Indirect Taxation

Details of other indirect taxation are as follows:

Domestic air travel tax		5
Energy resources levy	47,268	40,361
Gaming duties—		
Lottery	9,711	2,983
Totalisator	24,602	23,783
	<u>34,313</u>	<u>26,766</u>
Instrument duty—		
Cheque duty	9,081	9,004
Stamp duty	52,110	111,924
	<u>61,191</u>	<u>120,928</u>
International departure tax .. .. .	..	(4)
Motor spirits duty refunds .. .. .	..	(52)
Motor vehicles, fees and charges	56,456	57,248
Sales Tax	(667)	..
	<u>\$198,561</u>	<u>\$245,252</u>

Footnote:

¹ Includes Winding-up Distribution Tax \$434,252,000.

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—		
Air New Zealand Ltd.	70	105
Energy: Geothermal	802	802
Energy: Mines .. .. .	..	305
Housing	77,026	70,666
Housing Corporation of New Zealand	114,499	137,178
New Zealand Railways Corporation	722	956
Post Office .. .. .	..	256
Tourist Hotel Corporation	877	..
Revolving funds—		
Government Computing Service Fund	1,999	1,101
Government Printing Office Fund	1,580	1,620
Rural Banking and Finance Corporation of New Zealand	73,246	140,695
	270,821	353,684
On other public money—		
New Zealand's investment in—		
Winstone-Pulp Industries Ltd. .. .. .	..	232
New Zealand Refining Co Ltd.	492	..
Investments made in respect of the—		
Consolidated Account	1,925	1,529
Trust Account .. .. .	..	562
Loans Account	14,075	72,010
Loans Redemption Account	69,931	67,732
On advances to—		
Loans and advances to hospitals, local authorities etc.	989	192
	87,412	142,257
Payments received from state-owned enterprises—		
Airways Corporation of New Zealand Ltd.	2,096	..
Auckland International Airport	2,690	..
Coal Corporation of New Zealand Ltd.	628	..
Electricity Corporation of New Zealand Ltd.	188,628	..
Government Computing Services Ltd	1,300	..
Land Corporation Ltd.	11,814	..
New Zealand Forestry Corporation Ltd.	30,000	..
Telecom Corporation of New Zealand Ltd.	56,577	..
	293,733	..
	\$651,966	\$495,941

5. Dividends

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

Air New Zealand Ltd.	16,000	28,000
Bank of New Zealand	31,365	20,000
Development Finance Corporation of New Zealand Ltd. .. .. .	..	3,300
Energy: Electricity .. .. .	..	42,000
Fletcher Challenge Ltd. .. .. .	..	1
Maori Development Corporation	104	..
Post Office Bank Ltd.	10,000	..
	57,469	93,301
Revolving Funds—		
Department of Science and Industrial Research Science Fund	8,475	..
Government Computing Service Fund	3,706	2,525
	12,181	2,525
State-Owned Enterprises—		
Airways Corporation of New Zealand Ltd.	4,000	..
Coal Corporation of New Zealand Ltd.	1,551	..
Government Property Services Ltd.	5,941	..
New Zealand Post Ltd	33,981	..
Telecom Corporation of New Zealand Ltd.	30,000	..
	75,473	..
	\$145,123	\$95,826

6. Profits

The following profits were received during the period:

Housing Corporation of New Zealand	39,364	10,166
Reserve Bank of New Zealand	50,000	32,588
	\$89,364	\$42,754

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	66,035	80,064
Audit	6,231	4,783
Conservation	4,709	3,072
Crown Law	263	395
Customs	3,203	1,471
Defence	12,006	7,719
Education	17,410	14,766
Energy (Programme I)	33,179	20,324
Environment	453	18
Foreign Affairs	7,507	3,629
Forestry	5,831	3,159
Health	4,925	3,970
Inland Revenue	2,965	262
Internal Affairs	12,410	12,973
Justice	83,296	69,460
Labour	7,820	9,117
Lands	2,527	435
Maori Affairs	25,867	21,482
Office of the Clerk	1	..
Parliamentary Service	8	2
Police	3,579	2,563
Prime Minister	19	3
Scientific and Industrial Research .. .. .	..	1
Social Welfare	26,599	23,606
State Services Commission	8,726	3,587
Statistics	1,386	888
Survey and Land Information	8,698	5,800
Tourist and Publicity	4,701	5,279
Trade and Industry	8,957	3,882
Transport	91,425	25,690
Treasury	7,673	3,814
Valuation ¹ .. .. .	..	9,472
Women's Affairs	28	9
Works and Development .. .. .	..	637,483
	\$458,437	\$979,178

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)
Auckland Harbour Bridge Authority .. .. .	..	250
Auckland International Airport Ltd.	172,860	..
<p>The Crown owns 50% of Auckland International Airport Ltd., holding 105 million ordinary shares of \$1.00. In addition the Crown is the holder of debt totalling \$67,859,531. Offsetting these items of expenditure, the sale of assets to the company realised \$172,859,531 to the Crown, which was recorded as a Consolidated Account receipt.</p>		
Airways Corporation of New Zealand Ltd.	51,000	..
<p>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.</p>		
Capital gains on realisation of investments (net)¹ .. .. .	..	17,742
Christchurch International Airport Ltd.	54,395	..
<p>In conjunction with the establishment of Christchurch International Airport Ltd., the Crown agreed to provide \$30,720,000 as an advance and subscribe for 14,400,000 fully paid \$1.00 shares. The Crown received \$54,394,999 being proceeds from the sale of its assets, share of joint venture funds and management fee payable by the company. This was recorded as a receipt to the Consolidated Account.</p>		
Electricity Corporation of New Zealand Ltd.	3,784,787	..
<p>In the sale and purchase agreement with 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.</p>		
Employer Superannuation Subsidy	140,208	..
<p>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.</p>		
Fletcher Challenge Limited .. .. .	..	31
Government Computing Services Ltd.	55,000	..
<p>In the sale and purchase agreement with Government Computing Services Ltd., the Crown received \$55,000,000 which was recorded as a receipt to the Consolidated Account. In return, the Crown agreed to advance \$27,500,000 as loan capital and a further \$27,500,000 as share capital. The loan has subsequently been repaid. (See note 16)</p>		
Government Property Services Ltd.	279,811	..
<p>The price of the assets purchased from the Crown by Government Property Services Ltd. was \$495,108,000. Of this sum \$215,297,000 was received in the year ending 31 March 1988, and the net balance was recorded as a Consolidated Account receipt in the current financial year. This amount is different from that shown in the June Quarterly Public Accounts as an overpayment of \$17,154,000 by Government Property Services Ltd. in the 1987/88 financial year, was refunded in the September quarter.</p>		
Housing Corporation of New Zealand	10,780	..
<p>The receipt is a reimbursement from the Housing Corporation for subsidies claimed in excess of their actual requirements.</p>		
Import Licence Premiums	14,696	39,571
<p>The receipts are in respect of import licence allocations offered by way of tender to interested parties.</p>		

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.		
Ministry of Energy: Electricity Division		7,876
New Zealand Post Ltd.	180,955	
The Crown has advanced to New Zealand Post Ltd. \$173,000,000, \$53,000,000 being a loan advance and \$120,000,000 being equity capital. The Crown has received from New Zealand Post Ltd. \$173,000,000 in respect of assets relating to the postal function of the former Post Office, and a further \$7,955,000 in settlement of the balance of current assets less current liabilities as at 31 March 1988 which were not included in the sale and purchase agreement. The moneys have been recorded as a receipt in the Consolidated Account.		
New Zealand Post Office		21,800
New Zealand Refining Company Ltd.	12,123	1,759
The receipt is a reimbursement from the New Zealand Refining Company Ltd. for major project debt costs met by the Crown.		
Notional tax payment	3,750	3,250
The receipt is a payment to the Consolidated Account in lieu of Income Tax from the following		
Revolving Funds—		
Government Computing Service Fund		\$2,800,000
Government Printing Office		\$ 950,000
Phosphate Commission		91
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 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	312	
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.		
Works and Development Services Corporation Ltd.	42,000	
A part payment in respect of moneys collected under licence from debtors of the former Ministry of Works and Development has been received from the Works and Development Services Corporation (NZ) Ltd. This has been recorded as a receipt to the Consolidated Account.		
	<u>\$4,833,847</u>	<u>\$92,370</u>

Footnote:

¹ For previous note comparison refer to Note 10.

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	40	36
Other Expenses	453	448
	493	484
His Excellency the Administrator of the Government—		
Salary	193	..
Executive Council and Ministers—		
Salaries	1,189	1,016
Allowances	124	128
	1,313	1,144
Parliamentary Under-Secretaries—		
Salary	155	225
Allowances	17	27
	172	252
Mr Speaker, House of Representatives—		
Salary	57	59
Allowances	4	5
	61	64
Chairman of Committees—		
Salary	46	46
Allowances	5	6
	51	52
Leader of the Opposition—		
Salary	54	53
Allowances	9	9
	63	62
Members of the House of Representatives—		
Salaries	2,371	2,451
Allowances	409	407
	2,780	2,858
Annuity to former Governor-General	16	15
Annuity to former Prime Minister	7	12
Annuity to widow of former Prime Minister	1	1
Annuity to widow of former Governor-General	8	7
	32	35
	\$5,158	\$4,951
DEBT SERVICES		
Administration and management— ¹		
Charges and expenses of raising and repaying loans	309	6,499
Management charges	1,391	4,825
Expenses (receipts) in connection with swap transactions	(7,807)	..
	(6,107)	11,324
Interest—		
In New Zealand	1,588,930	1,873,568
Overseas	774,705	831,696
	2,363,635	2,705,264
	\$2,357,528	\$2,716,588

Footnote:

¹ 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.

9. Payments Under Permanent Appropriations—Consolidated Account—continued

	1988	1987
	\$(000)	\$(000)
SUPERANNUATION		
Contribution to Government Superannuation Fund	205,193	151,763
Contributions on refunds and transfers values	2,695	7,644
Foreign Affairs Act Section 10 H2 Superannuation Schemes	20	..
Judges retiring allowances, annuities, and refunds of contributions	934	912
Refund of Superannuation annuities and allowances	292	..
Subsidy to Parliamentary Superannuation Account	504	230
	\$209,638	\$160,549
MISCELLANEOUS		
Export Guarantee Act 1964 Section 10 (7)		
Reimbursement to Export Guarantee Office re settlement claim from—		
Kraft Foods Ltd		8,817
Subsidy to National Provident Fund	6,066	6,384
Payment in respect of land and improvements etc.	6	147
Annual payments to Maori Trust Boards	77	77
Contributions to national superannuation schemes	750	1,902
Coal Mines Amendment Act 1979, Section 28—		
Payments to Public Authorities entitled		3
Exemptions from taxation, etc.	316	244
Finance Act 1988 Section 7—		
Fringe Benefit Tax on payments made by Crown into certain superannuation funds	66,761	..
Grants for Maori purposes	7	4
Mining Act 1971—		
Grants to local authorities	69	227
Payments to parties entitled	15	20
Payments in terms of guarantees on loans to industry, etc.		
Development Finance Corporation Amendment Act 1977, Section 9 (5)	161	79
Salaries and allowances—		
Chief Judge and Judges of the Maori Land Court	482	416
Controller and Auditor-General and Deputy	102	100
District Court Judges	3,883	3,737
Family Court Judges	1,438	1,110
Judges of Arbitration Court and of Compensation Court	322	241
Judges of Court of Appeal and High Court	2,423	2,083
Ombudsmen	102	87
Parliamentary Commissioner for the Environment	15	..
	\$82,995	\$25,678
Total, Consolidated Account Permanent Appropriations	\$2,655,319	\$2,907,766
10. Special Payments		
Capital losses on realisation of investments (net)¹	\$14,519	..
These are the net losses offset by gains made on the realisation of the investment of the Public Account balances etc.		
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	(2,685)	4,781
Investments	171,446	373,949
Public Debt	2,843	3,256
Sovereign Note	62	12,637
Swaps	2,599	..
	\$174,265	\$394,623
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 26)		
Imprest Account Balances	(2,947)	1,397
Investments	(171,782)	137,774
	(\$174,729)	\$139,171
	\$14,055	\$533,794

Footnote:

¹ For previous note comparison refer to Note 8.

11. Loans Raised:

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

	1988	1987
	\$(000)	\$(000)
In New Zealand		
Kiwi Bonds—		
11.5 percent various	4,448	
11.75 percent various	8,241	
12 percent various	16,380	
12.5 percent various	13	
13 percent various	8	
14 percent various	58	
14.25 percent various	5	
Non-Discountable securities	29,153	50,843
Special Issues	233,500	509,000
Tender Stock—		
11 percent 15 February 1991	250,000	
10 percent 15 November 1993	1,860,000	
	2,110,000	1,563,435
	2,372,653	2,123,278
Overseas		
Capital equipment credit arrangements	..	20,230
	2,372,653	2,143,508

12. 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
Subscription to International Finance Corporation	..	1,095
Charges and expenses of raising loans—		
In New Zealand—		
Discounts on tender stock	225,096	112,795
	225,096	112,795
	\$226,996	\$114,797

13. 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.

14. 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
1999	75,075	
2003	..	321,960
	\$1,718,899	\$1,128,640

15. Reserve Bank Notes

As permitted by S. 71 of the Public Finance Act 1977, the Government borrowed the proceeds of the tender of Reserve Bank Bills. The introduction of a Reserve Bank Bill replaces Treasury Bills and Government Stock as the principal element of primary liquidity. The accounting treatment which has been adopted is the same as that used for Treasury Bills.

\$420,100

16. Money Received for Repayment of Loans and Advances

Details are as follows:

	1988	1987
	\$(000)	\$(000)
Capital Equipment Credit Arrangments—		
Energy: Mines		7,278
New Zealand Railways Corporation	2,585	2,924
Vote Defence	5,382	13,373
Vote Foreign Affairs		184
Vote Transport (Airport Development)	7	8
	7,974	23,767
IBRD Loans—		
Harbour Boards	263	303
Other Loans and Advances—		
Coal Corporation of New Zealand Ltd.	2,600	..
Electricity Corporation of New Zealand Ltd.	311,000	..
Energy: Electricity	2,515,213	..
Energy: Mines	73,900	..
Government Computing Services Ltd.	27,500	..
Lands and Survey—Land Settlement	255,444	..
Land Corporation Ltd.	16,517	..
Rural Banking and Finance Corporation of New Zealand		4,809
Telecom Corporation of New Zealand Ltd.	140,000	..
	3,342,174	4,809
	\$3,350,411	\$28,879

17. Gains on Redemption of Securities

This item is derived from the redemption of Treasury bills totalling \$298,000,000 from the Reserve Bank of New Zealand at a settlement of \$284,237,927.

18. Summary of Loans Repaid

Six months ended 30 September 1987 \$(000)			Six months ended 30 September 1988 Currency \$(000)									
New Zealand	Overseas	Maturing Year Ending 31 March	New Zealand	Overseas	£Stg.	Deutsche-mark	Japanese Yen	US\$	Swiss Franc	Aust.\$	Misc	
373,768	575,139	1988	..	..	..	..	..	..	..	..	..
16,000	201,388	1989	340,054	263,222	5,389	254,634	..	..	..	..	3,199
450	142,984	1990	..	254,093	3,231	..	7,183	9,333	234,346	..	..
..	4,166	1991	..	101,874	..	..	..	385	101,489	..	..
..	831,638	1992	..	403	..	..	..	..	..	..	403
14,000	184,868	1993	..	1,303,892	1,107	..	1,114,703	..	188,082	..	..
..	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	..	..	..
102	..	Death Duty	127	..	..	..	..	..	..	..	..
57,844	..	Infl. Bonds	82,433	..	..	..	..	..	..	..	..
1,782	..	Kiwi Bonds	13,693	..	..	..	..	..	..	..	..
61,633	..	Kiwi Sav. Stock	5,381	..	..	..	..	..	..	..	..
509,000	..	Non Discountable Securities	..	..	..	..	..	..	..	..	..
1,821	..	Our NZ Bonds	2,771	..	..	..	..	..	..	..	..
60,000	..	Special Issues	128,000	..	..	..	..	..	..	..	..
153,627	..	Tap Issues	734,817	..	..	..	..	..	..	..	..
422,857	..	Tender Stock	50,000	..	..	..	..	..	..	..	..
3,535,000	..	Tsy Bills	4,424,360	..	..	..	..	..	..	..	..
..	3,601,512	Sovereign Notes	..	2,460,485	..	..	..	2,460,485	..	..	..
5,207,884	6,372,471		5,781,636	4,857,665	183,916	254,634	1,121,886	2,651,994	523,917	117,716	3,602	
			\$11,580,355	\$10,639,301								

19. Taxation, National Roads Fund

Taxation into this Fund during the six months are:

	1988	1987
	\$(000)	\$(000)
Excise duty	158,430	143,925
Road User Charges	110,518	140,540
	<u>\$268,948</u>	<u>\$284,465</u>

20. Other Receipts, National Roads Fund

These are as follows—

Interest	13,952	2,903
Miscellaneous	5,263	682
Receipts from land and property	538	12,427
	<u>\$19,753</u>	<u>\$16,012</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 \$57,233,000 and those held overseas decreased by \$1,055,295,000. The following table summarises, by currency, investment holdings for the six months ended 30 September 1988 and the corresponding period in 1987:

Currency			
Canadian dollar		8,455	10,618
Deutschemark		154,195	125,657
Dutch guilder		25,509	42,026
Japanese yen		1,154,262	1,246,756
Pound sterling		54,459	106,789
Swiss franc		8,256	259,296
United States dollar		1,718,195	2,387,484
Total Overseas		<u>3,123,331</u>	4,178,626
New Zealand dollar ¹		208,591	151,358
Total Investments held		<u>\$3,331,922</u>	<u>\$4,329,984</u>

Footnote:

¹ Includes investments of \$203,433,000 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. Expenditure Statement—Loans Account—

This Statement details expenditure met from Vote: Capital Participation in Crown and other organisation for the six months ended 30 September 1988:

Loans Capital:			
Auckland International Airport		67,860,000	
Christchurch International Airport		30,720,000	
Coal Corporation		13,000,000	
Electricorp		3,000,000,000	
Government Computer Services		27,500,000	
Land Corporation		69,517,000	
New Zealand Post Limited		53,000,000	
		<u>3,261,597,000</u>	
Shares Capital:			
Airways Corporation		41,000,000	
Auckland International Airport		105,000,000	
Christchurch International Airport		14,400,000	
Coal Corporation		60,800,000	
Electricorp		3,300,000,000	
Government Computer Services		27,500,000	
Government Property Services		296,965,000	
Land Corporation		201,900,000	
New Zealand Post Limited		120,000,000	
		<u>4,167,565,000</u>	
		<u>\$7,429,162,000</u>	

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

This figure does not include the sum of \$463,122,896 being the assessment by the Reserve Bank of New Zealand of the obligation at 30 September 1988 in respect of the premium on redemption.

26. 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 September 1988. The New Zealand dollar values of overseas public debt, investments, and cash holdings were adjusted accordingly.

The total net increase in the public debt of \$1,369,000,000 arising from 30 September 1988 realignment consisted of:

	Realignment 30 September 1988	
	Increase (\$000)	Decrease \$(000)
Loans denominated in—		
Australian dollar	10,151	..
Canadian dollar	15,832	..
Deutschemark	52,677	..
Dutch guilder	6,254	..
European currency unit	41,012	..
Indian rupee	140	..
Japanese yen	345,943	..
Pound sterling	133,059	..
Swiss franc	24,094	..
United States dollar	739,790	..
	1,368,952	..
IBRD loans (various currencies)	48	..
Net increase .. .. .	..	1,369,000
	<u>\$1,369,000</u>	<u>\$1,369,000</u>

The total net increase \$244,794,000 in the overseas investments consisted of:

	Realignment 30 September 1988	
	Increase (\$000)	Decrease \$(000)
Investments denominated in—		
Canadian dollar	772	..
Deutschemark	10,771	..
Dutch guilder	2,090	..
Japanese yen	83,124	..
Pound sterling	3,931	..
Swiss franc .. .. .	..	9,111
United States dollar	153,217	..
	253,905	9,111
Net increase .. .. .	..	244,794
	<u>\$253,905</u>	<u>\$253,905</u>

27. 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 September 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 Currency Unit	£Stg.	Deuts- mark	Can.\$	Aust.\$	NZ\$
1991	204,116	..	(180,148)	..	..	..	..	..
1992	463,284	(340,698)	(180,148)	..	..	..	..	122,695
1993	369,100	..	(359,665)	..	..	..	..	..
1994	1,184,597	(606,841)		(275,028)	(260,349)	..	..	..
1996	792,012	(485,554)	(180,148)	..	179,282	(167,538)	(127,812)	..

G. C. SCOTT
Secretary to the Treasury
28 October 1988

M. J. MORIARTY
Deputy Secretary to the Treasury
28 October 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 six months ended 30 September 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 5058 to 5083 properly reflects, in accordance with the statement of accounting policies on page 5057 the balance of the public debt outstanding at 30 September 1988 and the transactions of the Public Account for the six months ended on that date.

J. W. CAMERON,
Deputy Controller and Auditor-General.
11 November 1988.

