

Reclaim Our Land



Our Plan for NZ's Sovereignty

Retiring Public Debt

Scrap GST
Bring in a Financial Transactions Tax
and a Foreign Exchange Surcharge



A plan that's

Great for People

Great for Business

Infrastructure Investment

\$8 billion annually
for health, education, roads/rail,
water/wastewater



without government borrowing



Chris Leitch
Party Leader



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RECLAIM OUR LAND:

Working Paper June 2020

Prepared by Lowell Manning

Unrestrained “free market” neoliberal capitalism has led to a substantial loss of national sovereignty where an increasing share of New Zealand’s land, productive capacity and resources has passed into foreign hands.

It has also caused a profound shift away from public ownership of our collective commons and encouraged self-interest, competition and consumerism.

Our connections to our environment, community, society and culture have been steadily eroded. None of that has happened by chance. Unemployment, low wages, punitive social “welfare” and the “free” use by business and others of our resources and environment are structural parts of the existing economic and financial system.

Profits have been privatised and losses socialised. Successive governments have failed to protect us and our economy even though readily available options exist to do so.

Reclaim Our Land is our vision for returning to us the ownership of our land, resources and productive capacity while continuing fair trade and good relations with other countries.

SUPPORT US NOW to Reclaim our Land

THE FIRST STEP:

Progressively regaining sovereign control of our land, resources and productive capacity does not need more money. It needs new thinking. New thinking that goes beyond the major initiatives already set out in Social Credit's Reclaim Our Future¹ and Reclaim Our Wellbeing².

Reclaim Our Land is needed because the political revolution that took place in New Zealand from 1984 onwards emphasised "free", "competitive", "markets" emphasising self-interest and consumerism ahead of public wellbeing.

The "free market" economics together with its accompanying deregulation, corporatisation, globalisation and privatisation pitted countries around the world against each other in a "race to the bottom".

Economies of scale and greater economic efficiency were imagined to benefit everyone. Instead, corporations and others have left the public to pay for all their pollution, climate and environmental degradation, resource depletion, weakened public sectors, poverty, decaying health and education, unemployment and much more.

The first step is to accept that the existing "market-led" economic model has benefited a few people at the expense of our land and environment and almost everyone in the country.

¹ Reclaim Our Future sets out how we will use \$20 billion each year of new public money to replace an equal amount of private money presently issued for profit by private banks. That will give us the first use of that new money

² Reclaim Our Wellbeing sets out how we will use new public money to abolish poverty and provide warm dry housing for all.

THE SECOND STEP:

The second step is to set out a pathway to achieve our vision of a sovereign country owned and operated by and for the people of New Zealand.

1. Introduce a revenue-neutral Foreign Transactions Surcharge (FTS) to restore a balance of payments surplus in our National Accounts. The surplus will be big enough to progressively repay any public foreign debt and reclaim ownership of the country's land and resources.
2. Retire existing government debt and use the interest saved to fund more public education and health services, services for the elderly and police.
3. Replace the regressive Goods and Services Tax (GST) that punishes people on low incomes with a Financial Transactions Tax (FTT) that spreads the same amount of taxation more fairly across the whole economy.
4. Provide ongoing funding for public infrastructure projects subject to available resources.

THE THIRD STEP:

The third step is to show how Reclaim Our Land will be implemented

1. FOREIGN TRANSACTIONS SURCHARGE

New Zealand has had persistent balance of payments deficits for the past 40 years as shown in Appendix 1. As of March 2019, the accumulated deficits were about NZ\$231 billion³.

Since few people or businesses want to hold large amounts of New Zealand money (despite the NZ\$ being the 10th most traded currency in the world) the deficit is shown offset in the New Zealand national accounts as inward flows of money from abroad⁴. That could be money we have borrowed from foreigners or it could be money used by foreigners to buy New Zealand assets.

Various estimates of wealth are available⁵. Based on a total of \$2.2 trillion assets calculated on replacement value⁶, foreigners presently own about 16% of New Zealand's non-financial assets (\$350b/\$2200b). Foreign ownership in New Zealand has been allowed to grow despite provisions in international treaties such as the World Trade Organisation (WTO) that allow member countries to protect their balance of payments⁷. Relevant WTO text is shown in Appendix 2. The failure of successive governments to support the wider public good may be partly due to the influence of multinational corporations and globalisation on domestic economic policy.

The New Zealand National Accounts⁸ show outward payments totalling \$109 billion for the year ended March 2019, \$84 billion of which were for exports of goods and services. A

³ That total is made up by adding the deficits as they were in the year they were incurred. When the figures are converted to 2019 dollars using the Statistics NZ inflation calculator the cumulative total in today's dollars is about NZ\$350 billion.

⁴ Capital Receipts

⁵ Such as the Statistics NZ national accumulation accounts that suggest a total of non-financial assets in the order of NZ\$ 2 Trillion. In line with most wealth estimates this excludes assets outside the market sector. Some press reports like <https://www.stuff.co.nz/business/money/108487187/feeling-wealthy-new-zealand-ranks-sixth-in-global-wealth-report> tend to confirm these numbers. (roughly US\$290000 per person x 5,000,000 population x 1.5 @0.66 exchange rate or NZ\$ 2.2 Trillion). The Statistics NZ data are presented in graphical form at Campaign Against Foreign Control Aotearoa (CAFCA) <http://canterbury.cyberplace.co.nz/community/CAFCA/key-facts/cafca-key-facts-2019-with-notes.pdf>

⁶ Replacement value is what it would cost to replace past investments in today's dollars.

⁷ https://www.wto.org/english/docs_e/legal_e/09-bops_e.htm

⁸ national-accounts-income-and-expenditure-year-ended-march-2019-consolidated-accounts

Foreign Transactions Surcharge (FTS) will be applied to those outward payments. It will be large enough to reverse the balance of payments deficit, retire any public debt held by non-residents and progressively restore foreign-held assets to New Zealand ownership.

For simplicity, this proposal applies the FTS to **all** imports though in some countries with similar policies “essential” imports are excluded. Whether or not “essential imports”⁹ such as fuel will be excluded from the FTS in New Zealand will be a matter for widespread discussion prior to implementation. The intent of the FTS is to reduce inward flows of goods and services, making them more expensive and thereby reducing their volume. The FTS acts like a fixed devaluation of the New Zealand currency. It will change the balance of payments from negative to positive. The level of FTS needed to do this is assumed (for purposes of illustration only) to be up to 10% and it may fluctuate over time. An initial objective might be to reduce outward financial flows from \$109 billion (March 2019 figures) to perhaps \$95 billion. In that case, the FTS revenue would be about \$9.5 billion (10% of \$95 billion).¹⁰

Any revenue loss from Financial Transactions Tax (FTT) (see below) that is rebated to exporters will need to be offset by corresponding revenue from the FTS. Some of the revenue gained from FTS will replace the tax revenue lost from the FTT export rebates. The FTT revenue lost, assuming inward taxable flows of \$95 billion, is $95/303 \times 17.6$ or \$5.5 billion (Table B Appendix 4). This means that the first \$5.5 billion of FTS revenue is required to offset the FTT shortfall. The way this wider proposal is configured, there is therefore a lower limit of about 6% ($\$95 \times 6\% =$ over \$5.7 billion) for the FTS. (See footnote 10 below)

The remaining \$4.0 billion FTS (9.5-5.5) would perhaps be used to adjust income tax thresholds. That would be enough to move the 33% tax threshold in Reclaim Our Future¹¹ from \$40000 to about \$55000.

Most of the balance of payments surplus resulting from the introduction of FTS will be held by the private sector. It is far from certain that those private sector holders will choose to repurchase foreign held assets with their surplus money. They might choose to invest abroad instead. The government may need to offer some form of incentive to encourage them to repatriate New Zealand money and restore New Zealand ownership. There are likely to be moderate impacts on the New Zealand dollar exchange rate, but the end result will be that the growth of foreign ownership in New Zealand will be permanently halted.

⁹ See Appendix 2

¹⁰ The figures refer to the situation pre Covid-19. They will need to be updated to take account of the economic impacts of the Covid-19 pandemic.

¹¹ www.socialcredit.nz/rof

To the extent firms seek to recover some or all the FTS component on their transactions by increasing prices, there would be some one-off price inflation for imported products when FTS is introduced. On the other hand, FTS has three major positive effects. The first is that, for the first time in decades, people spending money offshore for luxury goods and holidays for example, will pay the real price of what they buy instead of being subsidised by those who spend less on such things. The second is that FTS will give a major boost to domestic businesses and encourage local economies through import substitution and development of local production. That will increase employment. The third is that there should be a corresponding fall in prices elsewhere in the economy from the reduced domestic taxation.

2. RETIRING PUBLIC DEBT

Public debt is an unnecessary burden on the public because it is issued by private banks at interest. The interest is paid from public taxation and it can be saved if the private debt is replaced by public Reserve Bank money. That tax revenue that has been used to pay interest can then be used for things that benefit the public like health, education and aged care services.

Public debt raised locally is easy to retire. It costs nothing to do this. As privately issued public debt matures an equivalent amount of public money is issued by the Reserve Bank. The public money is deposited into the bondholder's account. The bondholder then has a mature asset (the debt bond) and a deposit with which to repay it. The deposit and the debt are offset against each other and cancelled out of existence like every other repayment of bank principal. At that point there is no new money and no old debt anymore. The repayment process itself is the reverse of what happens when private bank money is issued in the first place. Meanwhile the original money (from when the debt was first issued) remains in circulation except that it is now magically transformed into public debt-free and interest-free money.

The process for public debt held by foreigners appears to be the same as long as the debt has been issued in New Zealand dollars by a foreign bank. All current New Zealand government bonds are issued in New Zealand dollars¹² though past governments have often issued foreign currency denominated bonds. If the bonds are issued by foreign non-bank institutions such as pension funds (so the money is not new money but existing money) the process would be more difficult as it would have to pass through New Zealand's foreign exchange interface. Estimates of the main debt and interest figures from Appendix 3 are shown in Table 1.

¹² <https://debtmanagement.treasury.govt.nz/investor-resources/economic-overview/nz-govt-securities-market>

Table 1 New Zealand Debt and interest payments 2018-19 ¹³

Debt Category	Amount NZ\$ billion	Reserves NZ\$ billion RBNZ/govt	Net debt NZ\$ billion	Estimated interest %	Interest NZ\$ billion
bonds	80.1	3.3	76.8	3.7	2.8
govt reserves		30	-30	3.7	-1.1
T-Bills	2.2	0	2.2	3.0	0.1
SOE	32.6	0	32.6	3.7	1.2
CE	6.9	0	6.9	3.7	0.3
localgovt ¹⁴	16.5	0	16.5	5.0	0.8
PPP/SPV	15.0	0	15.0	5.5	0.8
Total	153.3	33.3	120		4.9

In Table 1 the values vary with time and are indicative only. Some of the figures will need to be adjusted as a result of Covid-19 spending. SOE is State Owned Enterprise; CE is Crown Entity; PPP is Public Private Partnership; SPV is Special Purpose Vehicle.

Public debt will be retired as the debt instruments fall due allowing up to \$4 billion of additional spending on infrastructure and public services every year assuming that the existing debt in public private partnerships (PPP) and special purpose vehicles (SPV) remain in place. The use of new PPP and SPV for infrastructure projects will be abandoned.

The interest rate on government bonds is the weighted average of bonds outstanding. Local government, State Owned Enterprises and Crown Enterprises may have some reserves but they have not been included in the table.

As of Dec 2019, \$33.5 billion of the government bonds were held by non-residents¹⁵. The breakdown of government debt securities is given in Reserve Bank of New Zealand "Holdings of central government debt securities (nominal value)" Table D30.

To be clear, when public money is used to retire government debt, the amount of money in circulation does not change. In that sense it is different from repaying bank loans such as mortgages. As mortgages and other bank loans are repaid, the borrower's bank deposit

¹³ <https://treasury.govt.nz/system/files/2019-12/hyefu19.pdf><https://www.rbnz.govt.nz/statistics/d30>
<https://www.stats.govt.nz/information-releases/local-authority-statistics-september-2018-quarter>
<https://debtmanagement.treasury.govt.nz/government-securities/nominal-bonds>
<https://debtmanagement.treasury.govt.nz/government-securities/nominal-bonds>
<https://debtmanagement.treasury.govt.nz/government-securities/nominal-bonds>
<https://treasury.govt.nz/sites/default/files/2019-10/fsgnz-2019.pdf>

¹⁴ www.localcouncils.govt.nz

¹⁵ 2018 NZ Government Statement of financial position Table 10.

and the loan are both reduced by the same amount and the amount of money in circulation is correspondingly reduced. In practice, private banks typically issue new loans to replace existing money as the loans are repaid.

3. FINANCIAL TRANSACTIONS TAX (FTT)

Financial Transactions Tax (FTT) is an alternative to value added taxes like GST and direct taxation such as income and company taxes. It is not new. Stamp duty, for example, is a financial transactions tax that has been in use for more than 150 years. It has been used at a nationwide level in countries such as Sweden and Canada, it is used in Australia and there is wide support for it in the European Union as a whole.

The proposal in this document is for FTT to be deducted automatically whenever money is transferred from bank accounts.¹⁶ It has attracted a lot of attention since the 1970's as a potential means of slowing the rapid growth of financial speculation and, potentially, to raise revenue.

Wikipedia has an excellent overview¹⁷ accompanied by extensive references.

Modern banking technology makes FTT easy to collect compared with GST which requires expensive and cumbersome accounting processes. It would have been technically possible to use FTT from about the same time as GST was introduced.¹⁸

THIS FTT PROPOSAL

The intent of this proposal is not to raise new revenue but to more widely spread the tax base and more specifically:

- to replace the Goods and Services Tax GST presently charged at the rate of 15% on final consumption with FTT
- to stop high frequency financial speculation and slow financial speculation generally.

GST raises about \$22 billion annually.¹⁹ The consumer GST tax base is relatively small (about \$145 billion)²⁰ about half of the productive economy. The tax is regressive because those on low incomes spend a larger share of their after-tax income on consumption than do those with higher incomes.

¹⁶ Unless it is transferred between bank accounts in the same name

¹⁷ https://en.wikipedia.org/wiki/Tobin_tax

¹⁸ It was introduced in NZ in 1986 at the rate of 10% followed soon after by two increases of 2.5% to its present level of 15%.

¹⁹ NZ Budget 2019 Sovereign Revenue Table 20

²⁰ Final private consumption

There are many possible solutions for FTT. The final shape of FTT would be decided following widespread consultation. This proposal shows that it is feasible.

Table B in Appendix 4 shows how FTT replaces GST when applied to the productive economy (the GDP) using an FTT of 1.8%. About \$4.3 billion of the existing \$22 billion of GST is funded by the application of FTT to the non-productive economy as set out in Table A of Appendix 4. That leaves \$17.7 billion (22-4.3) to be funded from the productive economy. The notional price rise in the productive economy to generate \$17.7 billion in FTT with GDP of \$303 billion is $17.7/303 = 5.9\%$.

As shown in Table B of Appendix 4, \$17.7 billion can be raised at an FTT rate of 1.8%. The consumer pays 5.9% in nominal price rises (as above) plus 1.8% FTT so that the existing 15% GST is replaced by 7.7% (5.9+1.8) of price increases. The net saving to the consumer is about 15%-7.7% or about 7.3% assuming all of the tax reduction is passed on to customers.

To be clear, introducing FTT to replace GST will lead to an inflation effect of around 5.9% in the year it is introduced mirroring the one-off inflation effect when GST was introduced in 1986. After the one-off inflation has been absorbed, the 1.8% FTT is all that purchasers will notice when they buy goods and services.

All financial transactions relating to outward payments will need to be initiated and completed within the New Zealand payments system. Offshore bundling of domestic transactions will need to be prohibited.

EXPORT REBATES

About one third (\$84 billion) of New Zealand's Gross Domestic Product is exported²¹. GST is not applied to exports. By international agreement, domestic taxes are paid in the country where the goods and services go to, not the country they come from. Whether FTT should be rebated to exporters and, if so, how much, is a matter for future discussion. Since exporters do get GST rebates now, this proposal adopts the position they should get a rebate of their intermediate FTT payments. The mechanism to do this will need to be worked through at a later date. FTT on Imports will be automatically collected when payment is made for them.

In this proposal, rebates would be replaced by revenue from FTS (Foreign Transactions Surcharge) as discussed on pages 4-6.

²¹ NZ National Accounts "national-accounts-income-and-expenditure-year-ended-march-2019-consolidated accounts" Table 1.1

FTT APPLIED OUTSIDE THE PRODUCTIVE ECONOMY

Most transactions take place outside the productive economy and they will also be subject to FTT. The additional FTT revenue will be used to fund any export rebates, and either to lower the 1.8% FTT applied to the productive economy in this proposal or to reduce other taxes such as income and company tax (or both). The rate of FTT to be applied to the transaction categories in Table A of Appendix 4 is for illustration only.

CASH, FTT AND THE INFORMAL MARKET (SHADOW ECONOMY)

GST requires extensive administration and there is considerable avoidance through what is called the shadow economy. This applies to avoidance or evasion of all kinds of taxation. The size of the shadow economy in New Zealand is unknown but 10% of GDP (\$30 billion) is a reasonable starting point. The shadow economy will be included in FTT transactions unless cash is used. Some countries like Sweden and Norway are likely to become “cash free” within a few years.²² In June 2018, the Reserve Bank of New Zealand published an in-depth study of the use of cash in NZ.²³ It found that the use of cash as a proportion of payments is steadily declining while the volume of cash in circulation is still increasing. RBNZ does not know where up to half the \$6.1 billion of cash in circulation is, despite extensive surveys.

Though some of the missing cash will have been lost or accidentally destroyed, a substantial part is likely to be held for illegal purposes. About two thirds of the cash in circulation is made up of \$50 and \$100 notes. Eliminating those high value notes, as Sweden has done, and recalling and re-issuing the lower value notes will greatly help reduce the funding of illegal activity and ensure more transactions will be subject to FTT.

Subject to widespread public discussion there could be a limit placed on the size of cash transactions as is already the case in some European countries.

4. ONGOING FUNDING FOR PUBLIC INFRASTRUCTURE PROJECTS

This proposal includes funding for public infrastructure projects outside of the \$20 billion Reclaim Our Future program (see footnote 1). This funding would also come from the Reserve Bank and could be based on loans at up to 1% interest or it could also be issued debt and interest-free. The main differences between this infrastructure funding and the Reclaim Our Future funding is that it does not *necessarily* replace money currently being issued by private banks and it is dependent upon the availability of physical resources.

²² <https://www.economist.com/leaders/2019/08/01/rich-countries-must-start-planning-for-a-cashless-future> (registration needed)

²³ <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Notes%20and%20coins/future-of-cash/Future-of-cash-internal-research-report-June-2018.pdf>

The indicative projected funding will be allocated according to nationwide priorities established taking full account of the NZ Living Standards Framework²⁴. Funding for Local Authorities projects will be prioritised by an independent Local Authorities Loans Board established for the purpose²⁵.

For illustration only, the funding might be of the order of \$8 billion annually divided equally among education, health, roads/rail, and local authority water/wastewater projects.

5. SUMMARY: IMPLICATIONS OF FTS, RETIRING PUBLIC DEBT, FTT, AND PUBLIC INFRASTRUCTURE INVESTMENT

The proposals for Foreign Transactions Surcharge (FTS), Retiring Public Debt and Financial Transactions Tax (FTT) form part of an integrated package to reverse the growing non-resident ownership of New Zealand's economy, land and resources; reduce public debt to **zero**;²⁶ and improve the purchasing power of consumers. It is designed to re-shape the New Zealand economy in favour of the public good as is presumably intended by the Living Standards Framework recently introduced by the government.

The effects are transformational.

The FTS at around 10%:

- Stabilises the exchange rate
- Reduces foreign ownership
- Promotes local production and employment
- Fairly redistributes the costs of using foreign currency
- Allows income (or other) tax to be reduced

Retiring Public Debt:

- Reduces public debt to zero (see footnote 26)
- Increases New Zealand's credit rating
- Provides up to \$4 billion every year to spend on health, education and aged care services
- Helps return financial sovereignty to the New Zealand public

The FTT at around 1.8% (less for many financial sector transactions)

²⁴ <https://treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>

²⁵ Ensuring equity among local authorities over time is not simple. A small interest charge is one way to assist with that problem.

²⁶ Excluding any internal RBNZ debt relating to public infrastructure projects where any interest that is paid reverts to the government.



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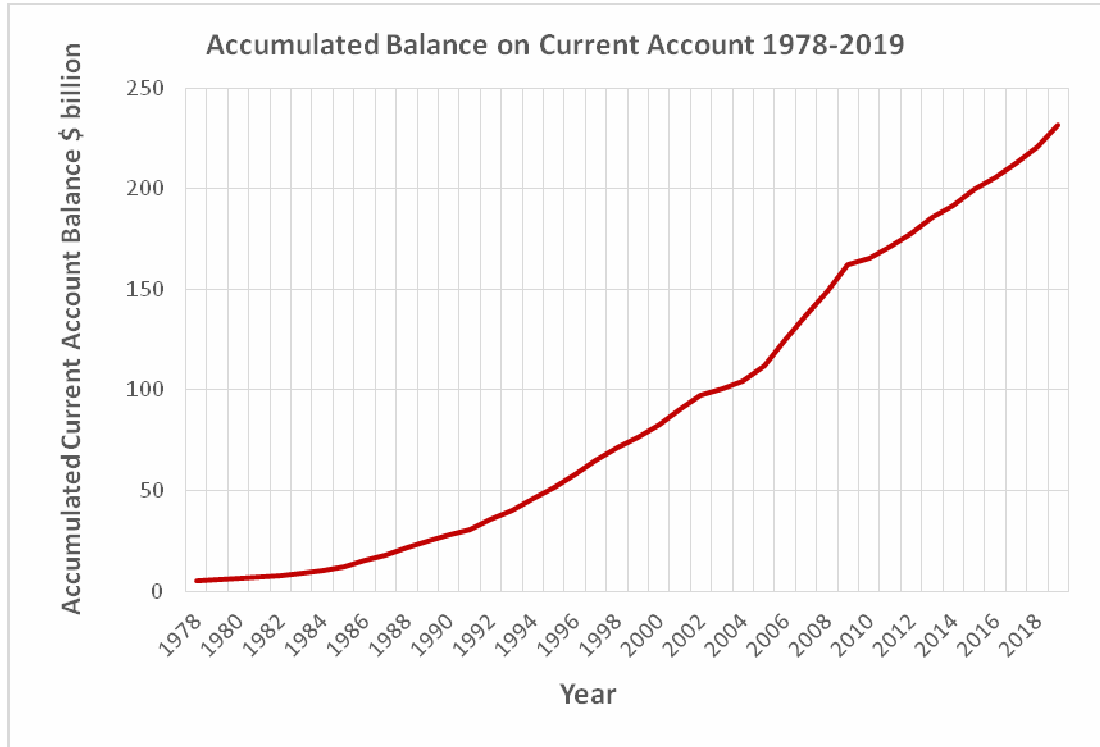
Website: www.socialcredit.nz

- Eliminates GST
- Saves billions of dollars in public and private administration and compliance costs
- Increases consumer spending power by about 7%
- Eliminates unwanted derivative and currency speculation
- Can reduce crime and tax evasion by reducing cash transactions

Annual public infrastructure investment at up to \$8 billion will help ensure New Zealand can develop essential public services that improve the lives of all New Zealanders.

APPENDIX 1

Accumulated Current Account Deficit New Zealand 1978-2019 (March Years)



Source: Stats NZ National Accounts income-and-expenditure-year-ended-march-2019-consolidated-accounts Table 1.4 from 2003, previous historical series and New Zealand Year Books 1978-2002.

Investment income going out to the rest of the world is typically two to three times as much as the investment income coming in to New Zealand from New Zealand investments offshore. (That's partly because NZ Super Fund, Earthquake Commission and Kiwisaver money is being re-invested offshore instead of being returned to New Zealand where it could be used for domestic investment).

The only substantial capital transfers from offshore have been the re-insurance inflows after the Christchurch earthquake in 2011 (\$22.2 billion) and the Kaikoura earthquake (\$1.4 billion).

The accumulated deficit on the current account as of March 2019 was about \$231 billion. When converted to 2019 dollars it was \$346 billion. The deficit in Table 1.4 is deemed offset by "capital receipts" in the form of foreign debt or the sale of New Zealand assets to foreign buyers.

APPENDIX 2

Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994²⁷

.....

3. Members shall seek to avoid the imposition of new quantitative restrictions for Balance-of-Payments purposes unless, because of a critical Balance-of-Payments situation, price-based measures cannot arrest a sharp deterioration in the external payments position. In those cases in which a Member applies quantitative restrictions, it shall provide justification as to the reasons why price-based measures are not an adequate instrument to deal with the Balance-of-Payments situation. A Member maintaining quantitative restrictions shall indicate in successive consultations the progress made in significantly reducing the incidence and restrictive effect of such measures. It is understood that not more than one type of restrictive import measure taken for Balance-of-Payments purposes may be applied on the same product.

4. Members confirm that restrictive import measures taken for Balance-of-Payments purposes may only be applied to control the general level of imports and may not exceed what is necessary to address the Balance-of-Payments situation. In order to minimize any incidental protective effects, a Member shall administer restrictions in a transparent manner. The authorities of the importing Member shall provide adequate justification as to the criteria used to determine which products are subject to restriction. As provided in paragraph 3 of Article XII and paragraph 10 of Article XVIII, Members may, in the case of certain essential products, exclude or limit the application of surcharges applied across the board or other measures applied for Balance-of-Payments purposes. The term “essential products” shall be understood to mean products which meet basic consumption needs or which contribute to the Member’s effort to improve its Balance-of-Payments situation, such as capital goods or inputs needed for production. In the administration of quantitative restrictions, a Member shall use discretionary licensing only when unavoidable and shall phase it out progressively. Appropriate justification shall be provided as to the criteria used to determine allowable import quantities or values.

.....

²⁷ https://www.wto.org/english/docs_e/legal_e/09-bops_e.htm

APPENDIX 3

less bonds sold by EQC 0.0

less bonds repurchased 0.0

New Zealand Government Securities List of Bonds Currently on Issue as at: 31 January 2020

plus bonds purchased by RBNZ 0.0

Published by New Zealand Debt Management at <https://debtmanagement.treasury.govt.nz/investor-resources/data>

plus bonds purchased by SRESL 0.0

All data is based on settlement date (not trade date)

Total Bonds Outstanding @ 31 Jan 2020 **80,084.0**

Date first Issued	Loan Prefix	Coupon	Maturity	Total Amt Outstanding (Incl RB + EQC + SRESL) (\$m)	RBNZ** (\$m)	EQC (\$m)	SRESL (\$m)	Market Bonds (\$m)
4/2013	0420	3.00%	15-Apr-2020	5,780.0	400.0	0.0	0.0	5,380.0
5/2009	0521	6.00%	15-May-2021	11,309.0	250.0	0.0	0.0	11,059.0
6/2011	0423	5.50%	15-Apr-2023	9,195.0	250.0	0.0	0.0	8,945.0
4/2016	0425	2.75%	15-Apr-2025	8,650.0	250.0	0.0	0.0	8,400.0
10/2012	0925	2.00%	20-Sep-2025	5,450.0	250.0	0.0	0.0	5,200.0
7/2014	0427	4.50%	15-Apr-2027	5,950.0	250.0	0.0	0.0	5,700.0
3/2018	0429	3.00%	20-Apr-2029	7,350.0	250.0	0.0	0.0	7,100.0
10/2013	0930	3.00%	20-Sep-2030	4,450.0	250.0	0.0	0.0	4,200.0
9/2019	0531	1.50%	15-May-2031	2,400.0	150.0	0.0	0.0	2,250.0
10/2015	0433	3.50%	14-Apr-2033	4,700.0	250.0	0.0	0.0	4,450.0
11/2014	0935	2.50%	20-Sep-2035	4,250.0	250.0	0.0	0.0	4,000.0
8/2016	0437	2.75%	15-Apr-2037	6,450.0	250.0	0.0	0.0	6,200.0
3/2017	0440	2.50%	20-Sep-2040	4,150.0	250.0	0.0	0.0	3,900.0
Total				80,084.0	3,300.00	0.0	0.0	76,784.0

** Includes bonds on repo to the market.

INDEX LINKED BONDS

Maturity	Last Coupon	Next Coupon	K(t-1)	p	K(t)	Face Value	Indexation Value	Current Principal
20-Sep-2025	20-Dec-19	20-Mar-20	108.62	0.63	109.30	5,450.0	469.8	5,919.8
20-Sep-2030	20-Dec-19	20-Mar-20	107.66	0.63	108.34	4,450.0	340.9	4,790.9
20-Sep-2035	20-Dec-19	20-Mar-20	106.00	0.63	106.67	4,250.0	255.0	4,505.0
20-Sep-2040	20-Dec-19	20-Mar-20	104.91	0.63	105.57	4,150.0	203.8	4,353.8

SUMMARY

Total Bonds Outstanding @ 31-Dec-2019 **79,684.0**

less bonds maturing 0.0

plus bonds sold in tender 400.0

plus bonds issued by syndication 0.0

plus bonds purchased by EQC 0.0



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New Zealand Government Securities List of Treasury Bills Currently on Issue

Published: 31 January 2020

Published by New Zealand Debt Management at <https://debtmanagement.treasury.govt.nz/investor-resources/data>

As at: 31 January 2020

Maturity	Amount (\$m)
12 February 2020	200
26 February 2020	200
11 March 2020	150
25 March 2020	75
8 April 2020	50
22 April 2020	100
6 May 2020	150
20 May 2020	100
3 June 2020	125
17 June 2020	150
1 July 2020	50
15 July 2020	150
29 July 2020	150
12 August 2020	50
26 August 2020	50
9 September 2020	50
23 September 2020	50
7 October 2020	50
21 October 2020	50
4 November 2020	10
18 November 2020	50
2 December 2020	50
16 December 2020	25
27 January 2021	100
Total	2,185
Total Non-mkt	0
Total Outstanding	2,185

Additional Financial Information

Information on State-owned Enterprises and Crown Entities (continued)

	Purchase of PPE \$m	Total PPE \$m	30 June 2019			Equity \$m	30 June 2018 Equity \$m
			Total assets \$m	Borrowings \$m	Total liabilities \$m		
State-owned Enterprises							
Airways Corporation of New Zealand Limited	26	202	254	52	110	144	133
AsureQuality Limited	6	35	134	16	52	82	58
Landcorp Farming Limited	57	1,268	1,782	321	355	1,427	1,501
New Zealand Post Limited	11	76	1,636	229	424	1,212	1,289
KiwiRail Holdings Limited	474	6,989	7,491	251	523	6,968	1,598
Transpower New Zealand Limited	304	4,498	5,653	3,527	4,292	1,361	1,272
Kordia Group Limited	10	59	152	20	64	88	92
Kiwi Group Holdings Limited	18	53	22,790	21,045	21,165	1,625	1,558
New Zealand Railways Corporation	-	3,516	3,517	-	-	3,517	3,522
Other State-owned enterprises	3	17	73	16	34	39	36
Total State-owned Enterprises	909	16,713	43,482	25,477	27,019	16,463	11,059
Air New Zealand Limited	670	5,653	8,417	2,629	5,667	2,750	2,838
Genesis Energy Limited	72	3,898	4,598	1,418	2,465	2,133	1,939
Meridian Energy Limited	45	8,825	9,599	1,747	4,158	5,441	4,809
Mercury NZ Limited	92	5,479	6,435	1,487	2,894	3,541	3,266
Total mixed ownership companies	879	23,655	29,049	7,281	15,184	13,865	12,872
Intra-segmental eliminations	(1)	(158)	(1,725)	(195)	(325)	(1,400)	(1,372)
Total SOE segment	1,787	40,210	70,806	32,563	41,878	28,928	22,559
Crown entities							
Accident Compensation Corporation	15	23	49,481	57	59,494	(10,013)	(1,355)
Crown Infrastructure Partners	-	-	809	6	77	732	491
Crown Research Institutes	95	566	903	17	239	664	650
Callaghan Innovation	16	56	232	-	135	97	74
District Health Boards	411	7,206	8,799	97	3,332	5,467	5,727
Earthquake Commission	4	12	831	-	1,366	(535)	(949)
New Zealand Fire Service Commission	94	1,006	1,280	74	219	1,061	988
Housing New Zealand Corporation	1,515	28,415	28,985	3,663	6,062	22,923	22,314
Museum of New Zealand Te Papa	18	1,377	1,402	-	10	1,392	1,401
New Zealand Lotteries Commission	6	18	122	2	89	33	34
New Zealand Transport Agency	1,841	50,993	51,742	2,285	2,796	48,946	42,736
Otakaro Limited	116	345	515	139	233	282	152
Public Trust	1	4	388	319	321	67	61
Schools	138	1,612	3,496	199	967	2,529	2,422
Southern Response Earthquake Services	-	-	195	-	217	(22)	(61)
Tamaki Regeneration Limited	42	1,885	1,952	-	11	1,858	1,934
Tertiary Education Commission	-	5	581	24	440	141	137
TEIs	-	-	13,095	-	-	13,095	12,505
Television New Zealand	6	156	303	3	53	250	244
Other Crown entities	(17)	201	1,480	38	226	1,337	1,138
Total Crown entities	4,301	93,880	166,591	6,923	76,287	90,304	90,643
Intra-segmental eliminations	(6)	(149)	(150)	8	151	(301)	(176)
Total Crown entities segment	4,295	93,731	166,441	6,931	76,438	90,003	90,467

Government and local authorities have also entered into a number of Public Private Partnership (PPP) and Special Purpose Vehicle (SPV) arrangement since 2013. The total as of January 2020 may be of the order of \$15 billion.

**Local authority
statistics**
Actual expenditure

	Employee costs	Interest expenditure	Depreciation and amortisation	Purchases and other operating expenditure ⁽¹⁾	Total operating expenditure ⁽²⁾	Operating surplus/deficit ⁽²⁾	
Series ref: LAS	SAEAAZ	SAEABZ	SAEACZ	SAEAQZ	SAEAZZ	SA1AZZ	
\$(million)							
June year							
2017	2,218.6	757.4	2,040.8	4,918.7	9,935.6	-438.3	
2018	2,312.5	769.0	2,113.0	5,185.9	10,380.3	-412.5	
2019	2,428.2 P	825.4 P	2,228.6 P	5,546.4 P	11,028.6 P	-344.8 P	
Quarter							
2016	Sep	541.2	176.2	498.3	1,233.9	2,449.5	-147.2
	Dec	558.0	180.4	504.1	1,161.5	2,404.0	-106.0
2017	Mar	535.8	182.5	512.6	1,131.2	2,362.1	-45.6
	Jun	583.7	218.2	525.9	1,392.2	2,720.0	-139.5
	Sep	561.4	187.9	516.1	1,281.3	2,546.6	-179.2
	Dec	574.7	191.8	524.6	1,231.4	2,522.6	-41.1
2018	Mar	565.5	186.9	527.9	1,168.2	2,448.5	-88.2
	Jun	610.8	202.4	544.4	1,505.0	2,862.6	-104.0
	Sep	582.4 P	201.9 P	548.1 P	1,390.6 P	2,723.0 P	-143.4 P
	Dec	615.8 P	205.6 P	548.0 P	1,294.8 P	2,664.2 P	1.2 P
2019	Mar	591.5 P	201.0 P	560.1 P	1,274.8 P	2,627.5 P	-69.2 P
	Jun	638.4 R	216.8 P	572.5 R	1,586.2 R	3,013.8 R	-133.4 R
	Sep	635.4 P	196.1 P	577.5 P	1,493.9 P	2,902.9 P	-156.2 P

1. Includes current grants, subsidies, and donations expenditure.

2. Individual figures may not sum to the stated totals due to rounding.

Symbols:

P provisional

R revised

Source: Stats NZ

APPENDIX 4

Table A Assessment of FTT for non- GST Transactions (for illustration purposes only)

Category	\$b billion in category	% of category taxed	Taxed amount \$billion	FTT rate %	FTT \$ billion
Rents ²⁸	16	100	100	1.8	0.3
Property ²⁹	64	100	100	1.8	1.1
-Allowance off-market	8	100	100	1.8	0.1
-Allowance businesses	8	100	100	1.8	0.1
-Second-hand vehicles and other items ³⁰	18	100	100	1.8	0.3
Equities ³¹	50	80	40	0.5	0.2
Bonds ³²	960	50	480	0.1	0.5
Interest ³³	28	100	28	1.8	0.5
Principal repayments ³⁴	52	100	52	1.8	0.9
Foreign exchange ³⁵	1800	20	360	0.002	-
Derivatives	3012	10	305	0.002	-
Productive economy	600				
Total ³⁶	6600				4.0
Shadow economy ³⁷	30	50	15	1.8	0.3
Total including shadow economy	6630				4.3

²⁸ Median rent \$500/week, 600,000 rental properties

²⁹ Sources: REINZ, QV New Zealand Property sales in 2019: Dwellings \$55 billion, rural \$5 billion, commercial \$4 billion = total about \$64 b

³⁰ According to NZTA there are 5.4 million registered vehicles (of all kinds)

<https://www.stuff.co.nz/motoring/98011255/how-new-zealand-buys-and-sells-more-than-a-million-cars-a-year> refers to 1.2 million sales (October 2017)

³¹ Source NZX

³² Source <https://www.rbnz.govt.nz/statistics/d9> go to table hd9

³³ <https://www.rbnz.govt.nz/statistics/s21>, Interest (banks) \$23 billion , (non-banks) say \$0.8 billion, (other) say \$4 billion

³⁴ National accounts income and outlay account. Multiplier 1.2 is from unpublished research. principal repayments \$52 billion (Consumption of fixed capital x 1.2)

³⁵ www.rbnz.govt.nz/statistics/b4

³⁶ www.paymentsnz.co.nz/resources

³⁷ <https://www.imf.org/en/Publications/WP/Issues/2019/12/13/Explaining-the-Shadow-Economy-in-Europe-Size-Causes-and-Policy-Options-48821> November 2019 explores the shadow economy in Europe. Base on European estimates 10% of GDP seems to be a reasonable starting point in NZ.

https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12045113

The amount of GST collected (Budget 2019) is \$22 billion. With \$4.3 billion of that collected from outside the productive economy (Table A) the amount needed from the productive economy to offset GST is \$22 billion - \$4.3 billion or \$17.7 billion.

Table B Conceptual calculation of layered FTT in consumption.

		FTT 1.8% added	New value to add FTT to	FTT
intermediate consumption layer	\$ billion			
	1	50.0	50.9	0.9
	2	100.0	153.6	3.6
	3	150.0	309.1	9.1
Total Intermediate		300.0	303.6	9.1
	End purchase	303.0	308.5	8.5
	Total FTT			17.6
Add non-productive FTT sectors				4.3
	Total FTT			21.9

Notes

1. The calculations are illustrative only.
2. Table B is based on NZ National Accounts "national-accounts-industry-production-investment-year-ended-March 2018" with 5% added to bring the values up to March 2019.
3. FTT to replace The Treasury Economic and fiscal forecast (budget 2019) Table 20 "Sovereign revenue" projection for GST year for ended June 2019 at \$22.0 billion. Table B is balanced out at \$21.9 billion.