Reserve Bank Bulletin

QUARTERLY REVIEW OF THE EXTERNAL ECONOMY

New Zealand's Balance of Payments (BOP) current account deficit rose from 5.6 per cent of GDP in the year ended June 1984 to 6.4 per cent of GDP in the following year. Despite the increase in the current account deficit, no net official overseas borrowing was required to finance the deficit; private capital inflows and the increase in the New Zealand dollar value of official foreign exchange reserves associated with devaluation in 1984 were more than sufficient to finance foreign exchange outflows through the current account. Proceeds from net official overseas borrowing undertaken in the year ended June 1985 were devoted to increasing New Zealand's official foreign exchange reserves.

Introduction

This article summarises developments in New Zealand's external accounts for the year ended June 1985. The external accounts record New Zealand's economic transactions with other countries and international institutions. These transactions are divided into two broad categories: current account and capital account transactions. The *current account* is made up of 'visible trade' (merchandise exports, re-exports and imports) and invisible trade (income and expenditure for services such as banking, insurance, tourism and shipping, together with profits earned overseas, interest payments and transfers). The balance on the current account represents the difference between New Zealand's total income and total expenditure for any given period. The *capital account* is a statement which shows changes of ownership in New Zealand's foreign financial assets and liabilities and is made up of such items as the inward and outward flows of money for investment and international loans. Movements in the capital account balance mirror changes in the income and expenditure flows which are measured on the current account.

The current account figures discussed in this article have been compiled by the Department of Statistics on a Balance of Payments (BOP) basis. The BOP current account statement records the value of goods and services exchanged between New Zealand and the rest of the world, regardless of whether or not a cash transaction is involved. This measure of the current account should not be confused with the Overseas Exchange Transactions (OET) current account statistics prepared by the Reserve Bank, which record only those current account transactions involving receipts and payments of foreign exchange.

Capital account transactions discussed in this article have been recorded on an OET basis. The OET capital account measures those changes in New Zealand's claims and liabilities with foreigners which involve a cash remittance or receipt. OET rather than BOP capital account data are used in the article because BOP capital account figures for the year to June 1985 are not yet available.

Following an overview section which outlines key features in the external accounts, the article presents details about the current account and then discusses individual developments in the visible trade, invisibles transactions and capital accounts.

Overview

The BOP current account deficit for the year ended June 1985 was $2,662 million[1], a deterioration from the $2,017 million deficit recorded for the previous June year. The main factors underlying this deterioration were strong import volume growth, a fall in the terms of trade, a large rise in official overseas interest payments and the 'scaling' up effect of the devaluation in July 1984[2]. The rise in the current deficit was more marked in the first half of the June 1985 year than in the second half of the year. During the six months ended December 1984 the current account deficit was $1923 million, a substantial increase from the $1,464 million deficit recorded during the same period in 1983. Over the first half of 1985, the current account deficit was $739 million, a much more modest rise from the $552 million deficit recorded during the same period in 1984.

Mainly as a consequence of ongoing buoyant domestic demand conditions, import volumes rose by 10.2 per cent in the year ended June 1985, which was slightly down on the strong 12.4 per cent rise recorded over the previous June year. Impetus for the expansion in domestic demand since late 1983 came initially from the Government's expansionary demand management policies in the period up to June 1984 and the expectation that price rises would follow the removal of the price freeze in early 1984. Since mid-1984, the main factors underpinning buoyant domestic demand conditions appear to have been high levels of capacity utilisation and profitability in the business sector in 1984/1985[3], medium-term business confidence and the creation of new investment opportunities through policies to reduce Government intervention in the New Zealand economy. Growth in domestic demand eased during the first six months of 1985 and, reflecting this development, import volume growth was also lower over the six months to June 1985 than during the previous six month period.

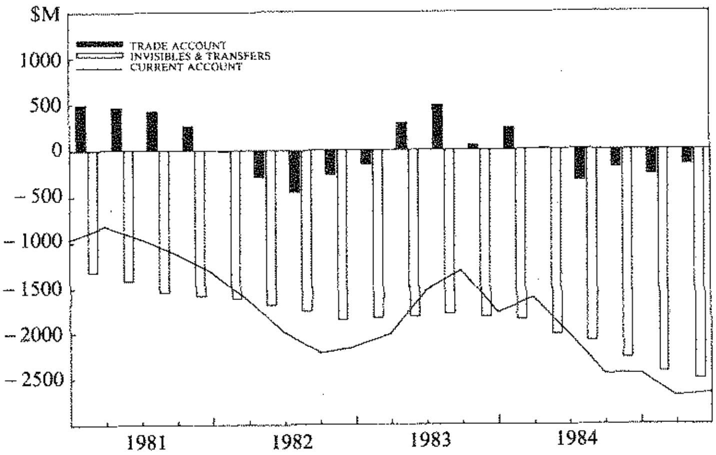
As was noted in the last Quarterly Review of the External Economy (*Bulletin* July 1985, pages 355-361) restrictive trade policies applied to agricultural products by some of New Zealand's trading partners and international oversupply have resulted in the failure of New Zealand's terms of trade to improve during the current international economic recovery. In fact, the ratio of New Zealand's export to import prices has fallen during this recovery, declining from 77 in 1981/82, to 74 in the year ended June 1983 before recovering marginally to 75 in the following year. For the year ended June 1985, the terms of trade fell a further two index points to 73, a lower level than in any year since 1975/76 and well below the average level of 77 for the past decade. This low terms of trade level means that a greater volume of exports is now required to finance any given level of imports than was (on average) the case during the past ten years.

While world commodity prices have generally been weak during the past year, the main specific factor underlying the decline in New Zealand's terms of trade during 1984/85 was the severe downturn in dairy prices which occurred early in the year. Following the EEC's decision to reduce butter prices below GATT minimum levels, world prices for butter and caseinates declined by around 20–25 per cent.

During the year ended June 1985 there was a record net OET private capital inflow of $2482 million, a large increase on the $312.7 million inflow recorded in the previous year. The expansion in private capital inflows during 1984/85 can be attributed to the implementation of a range of Government policies to liberalise financial markets and tighter monetary policy following the election in July 1984. These measures made offshore investment in New Zealand and overseas borrowing more attractive.

As a consequence of the changes in government policy since June 1984, there has been a dramatic reduction in net official overseas borrowing. For the year ended June 1985, net official overseas borrowing amounted to $905.0 million, well down on the $2,047.3 million level recorded during the previous June year. Whereas during 1983/84 the entire proceeds from net official overseas borrowing were used to finance the combined current account and private capital account net foreign exchange outflow, during the year to June 1985 the proceeds from net official overseas borrowing have been applied to increasing foreign exchange reserves. Private capital inflows and the increase in the New Zealand dollar value of official foreign exchange reserves resulting from the devaluation have been more than sufficient to finance foreign exchange outflows through the current account in 1984/85. Official reserves of foreign exchange have increased from $1463.4 million at the end of June 1984 to $2721.4 million by the end of June 1985.

Balance of Payments Accounts



1 All BOP current account data for the year ended June 1985 are provisional.

2 The 1984 devaluation increased export and import prices (measured in New Zealand dollars) by 25 percent over what they would otherwise have been. Ignoring changes in export and import volumes induced by the devaluation, devaluation also raised both export earnings and import payments in this same proportion; it is reasonable to abstract from devaluation induced changes in external trade volumes in 1984/85 because only limited trade volume responses to real exchange rate depreciation would have been possible so soon after the July 1984 devaluation. Accordingly, the 1984 devaluation also scaled up the excess of import payments over export earnings (i.e. the current account deficit) by 25 percent (approximately $500 million).

3 The expression 1984/85 refers to the year ended in June 1985 throughout the article. Similarly, 1983/84 means the June 1984 year, and so on. Calendar years are expressed in the usual way e.g. 1984.

Current Account

A deteriorating profile in the current account over the last two years is evident in the graph shown and in table 1. Although, this profile partly reflects a declining trade balance, increases in the current account deficit over this period are largely attributable to a significant and ongoing deterioration in the invisibles transfers balance. The deficit on invisibles transfers rose from $1819 million in 1982/83 to $2019 million in 1983/84 and to $2499 million in 1984/85.

The 1985 June year current account deficit represents 6.4 per cent of estimated GDP the highest recorded since the June 1982 year and significantly above the average 5.1 per cent ratio recorded over the last decade (see table 2).

TABLE 1
BALANCE OF PAYMENTS CURRENT ACCOUNT TRANSACTIONS
($ Million)

Years Ended June	*1983/84*	*1984/85*
CREDITS:		
Exports:		
Meat	1,722	2,231
Wool	1,116	1,479
Dairy Products	1,483	1,774
Other Animal Products	443	707
Forest Products	614	781
Other Primary Products	844	1,174
Manufactured Goods	2,022	2,867
Base Minerals, Other	230	306
Adjustment to BOP basis	360	11
Total Exports:	8,834	11,330
Total Invisibles/Transfers	3,053	4,038
TOTAL CURRENT CREDITS:	11,887	15,368
DEBITS:		
Imports:	8,832	11,493
Total Invisibles/Transfers	5,072	6,537
TOTAL CURRENT DEBIT:	13,904	18,030
BALANCE ON CURRENT ACCOUNT:	−2,017	−2,662

TABLE 2
BALANCE OF PAYMENTS CURRENT ACCOUNT TRANSACTIONS
($ Million)

Years Ended June	*Merchandise Trade Bal.*	*Invisibles Transfers*	*Current Account*	*Current Account/ GDP %*
1976	−417	− 496	− 913	7.4
1977	− 42	− 723	− 765	5.2
1978	+213	− 861	− 648	4.1
1979	+492	−1099	− 607	3.3
1980	+345	−1112	− 767	3.5
1981	+470	−1425	− 955	3.7
1982	−291	−1693	−1984	6.6
1983	+289	−1819	−1530	4.7
1984	+ 2	−2019	−2017	5.6
1985	−163	−2499	−2662	6.4

Although the statistics highlight the ongoing deterioration in the current account, a closer examination suggests that the annual deficit may have peaked. In each quarter since March 1984, the annual current account deficit has progressively increased, from $1614 million in March 1984 to $2697 million in March 1985. A reduction in the annual current account deficit for the year to June 1985 to $2662 million breaks this pattern of rising annual current account deficits.

Developments in the various components of the current account during 1984/85 are now discussed in more detail.

Export Earnings

Aggregate export earnings (on an external trade basis) rose by 33.6 per cent in the year ended June 1985. This increase was composed of a 22.2 per cent rise in export prices and a 7.4 per cent expansion in export volumes (see table 3). Given that the average price of foreign exchange rose by 24 per cent in 1984/85, this export price performance corresponds to a small decline in overall export prices measured in foreign currency terms. Underlying the weakness in export prices have been depressed dairy product prices, which declined sharply during the latter half of 1984. The 1984/85 level of export volume growth was the highest recorded since 1982/83. As can be seen in table 3, export volume growth was especially high during 1984/85 in the non-pastoral export categories other than forestry.

The sharp turnaround in *meat* export volume growth from minus 11.7 per cent in 1983/84 to 6.5 per cent in the following year mainly resulted from the stockpiling of large quantities of lamb (associated with the timing of shipping dates) in 1983/84 for shipment in 1984/85. A marked increase in meat production also boosted meat export volumes in the year to June 1985. The increase in meat production reflected significantly higher slaughterings of lamb (due to a record lambing percentage) and beef (resulting from a build-up in herd numbers following the drought in 1982/83). Meat prices (in New Zealand dollar terms) increased by 21.6 per cent over 1984/85, less than the increase in the average price of foreign exchange during this period. The reduction in average foreign currency meat prices in 1984/85 can be attributed to a high level of beef production in the US (associated with a high slaughter rate for the dairy cow herd), sales from EEC beef stockpiles and a consumption trend away from red meats in favour of fish and poultry.

After declining in 1983/84, *wool* export volumes rose by 3.8 per cent in 1984/85. This change in wool export volume growth is largely associated with developments in the level of wool production. Following a small decline in 1983/84, favourable weather conditions helped to raise the level of wool production by 6 per cent in 1984/85. Wool prices rose by 26.9 per cent in 1984/85, which is broadly in line with the rate of world inflation and an adjustment for the movement in the exchange rate.

Favourable climatic conditions and a moderate rise in dairy cow numbers are the main factors underlying a 4.1 per cent increase in *dairy* export volumes in the year to June 1985. Prices received for dairy products have fallen sharply on international markets, with the result that dairy export prices (in New Zealand dollars) rose only 11.7 per cent in 1984/85, 12 per cent less than the increase in the average price of foreign exchange over

TABLE 3
EXTERNAL TRADE EXPORT VOLUMES AND PRICES ANNUAL % CHANGE

Years Ended June	*1983/84 Price*	*1983/84 Volume*	*1984/85 Price*	*1984/85 Volume*
Meat	+ 4.2	− 11.7	+ 21.6	+ 6.5
Wool	+ 14.2	− 4.1	+ 26.9	+ 4.2
Dairy	− 3.9	− 1.9	+ 14.8	+ 4.1
Other Animal Products	+ 9.5	− 4.2	+ 39.3	+ 14.6
Forestry	+ 10.4	+ 16.6	+ 35.3	− 6.0
Other Primary	+ 4.2	+ 38.4	+ 22.8	+ 13.3
Manufactures	+ 11.0	+ 25.0	+ 23.3	+ 15.0
Base Minerals, Other	+ 4.0	+ 5.0	+ 12.8	+ 17.9
TOTAL	+ 6.4	+ 4.8	+ 22.2	+ 7.4

Note: There is a minor discrepancy between movements in export price and volume indices and the increase in aggregate export earnings (on an external trade basis) in 1984/85. This discrepancy will be corrected by the Department of Statistics before the provisional external trade figures are made final.

this period. The departure from GATT minimum prices for butter by the EEC in the latter half of 1984 resulted in the world price of butter and caseinates falling by around 20–25 per cent.

The sharp fall in *forestry* export volumes recorded in 1984/85 follows a very high increase in export volumes in the previous year. Neither growth rate adequately reflects the underlying trend in forestry export volumes. Forestry export volumes were artificially boosted in the year to June 1984 by a strike in the previous year and the timing of export shipments, which transferred export production from the year ended June 1983 to the June 1984 year. As a result of these developments, a return in 1984/85 to a level of forestry export volumes that more closely reflected underlying production patterns was recorded as a large decline in export volumes of forest products. Nevertheless, even bearing in mind these qualifications, it does appear that forestry export volumes have been static to declining over the past year. Categories of forestry exports that have fallen in volume in 1984/85 include pulp and logs. The fall in pulp exports reflects increased production capacity in Australia while the reduction in log exports is the result of greater profitability from processing a larger proportion of log production into sawn timber. Prices of forest product exports increased by 33.4 per cent in the year to June 1985, reflecting the full effect of the devaluation, a shift to more highly processed production, a continuation of the general improvement in pulp and paper prices since 1982/83 and higher prices for sawn timber exports.

Substantial growth of 13.3 per cent in export volumes of *other primary products* during 1984/85 reflected increased exports of horticultural, cereal and fish products. This expansion follows a 38 per cent rise in export volumes during the previous year and was contributed to by all major product categories comprising other primary products. High growth in other primary product export volumes over the past two years has resulted from rising productive capacity in the kiwifruit and pipfruit (apple and pear) industries and the development of New Zealand's inshore fishing industry. Prices for other primary products rose in line with the price of foreign exchange; in foreign currency terms, prices were stable. Underlying the overall stability of other primary product prices in foreign currency terms were quite divergent price developments for individual commodities within this export category. Fish prices continued to record large increases while the prices for horticultural and cereal products weakened.

Growth in *manufactured* exports remained high in the year to June 1985, with volumes rising by 15.2 per cent. Export volume growth during 1984/85 was particularly high in the carpets and textiles, processed food and general machinery and electrical categories of manufactured exports. Underpinning the sustained high level of export volume growth recorded over the past two years have been the international economic recovery, more favourable terms of access to the Australian market under CER and improved competitiveness of New Zealand's manufactured exports since September 1983. Prices for manufactured exports have been stable in foreign currency terms.

Imports

Total import volumes have grown rapidly over the past two years, largely due to the strong growth in domestic demand that has occurred in New Zealand since the second half of 1983. They grew by 12.4 per cent in 1983/84 and a further 10.2 per cent in 1984/85. Initially, stimulus for higher growth in domestic demand came mainly from expansionary demand management policies in the period up to July 1984 and the expectation that price rises would follow the end of the price freeze in early 1984. Both consumption and investment expenditure grew rapidly in 1984. Subsequently, buoyant domestic demand conditions have mainly reflected a continued high level of investment expenditure. Strong investment demand seems to have resulted from high levels of capacity utilisation and profitability in the business sector in 1984/85 and the availability of new investment opportunities as a result of deregulation in the New Zealand economy.

Growth in domestic demand eased during the first six months of 1985 and reflecting this development, import volume growth also fell over this period. During the second half of 1984, import volumes increased by 9 per cent compared with the first six months of 1984, whereas over the first half of 1985, import volumes were 5.2 per cent lower than during the previous six months.

TABLE 4
CIF IMPORT VOLUMES AND PRICES ANNUAL % CHANGE

Years Ended June	*1983/84 Price*	*1983/84 Volume*	*1984/85 Price*	*1984/85 Volume*
	+ 5.6	+ 12.4	+ 24.8	+ 10.2

Invisibles (Non-Merchandise) & Transfer Transactions

Despite devaluation in July 1984 and a very large rise in official overseas interest payments, deterioration in the invisibles deficit was contained to an increase from $2019 million in 1983/84 to $2499 million in the year ended June 1985 (see Table 5). Abstracting from invisibles volume movements, devaluation scaled up the initial (i.e. 1983/84) invisibles deficit by approximately $500 million while official overseas interest payments were 67 per cent or $495 million higher in 1984/85 than in the previous year; the large increase in official overseas interest payments over and above that which can be attributed to devaluation was caused by a high level of net official overseas borrowing during the two years prior to the exchange rate float in March 1985. Developments in both export and import invisibles transactions contributed to the containment of the increase in the invisibles deficit for 1984/85. High rates of growth were recorded in the tourism, miscellaneous services and transfers categories of invisibles exports, while payments for the tourism and interest on private sector overseas debt categories of invisibles imports were only moderately higher in 1984/85 than during the previous year.

TABLE 5
CURRENT ACCOUNT INVISIBLES TRANSACTIONS
($ Million)

Years Ended June	*1983/84*	*1984/85*
Exports		
Transportation	1387	1629
Travel	407	626
Other Misc. Services & Insurance	350	565
Govt. Current Transaction	108	85
Exports of Services	2253	2904
Interest & Investment Income	337	416
Transfers	463	718
Total Invisibles, transfers credits	3053	4038
Imports		
Transportation	1385	1754
Travel	726	803
Other Misc. Services & Insurance	839	1159
Govt. Current Transactions	168	194
Imports of Services	3118	3910
Interest and Investment Income:		
Private	876	969
Official	731	1226
Transfers	347	432
Total Invisibles, transfers debits	5072	6537
Balance on Invisibles, Transfers	−2019	−2499

Capital Account (OET Basis)

There was a record $2482 million OET net private capital inflow in the year to June 1985, a substantial increase over the $313 million inflow recorded during the previous year. This large increase in the net private capital inflow can be attributed to a range of measures taken by the current Government to liberalise financial markets in New Zealand. Removal of interest rate controls and the adoption of a firm monetary policy stance increased domestic interest rates while the July 1984 devaluation reduced the perception of downside exchange rate risk associated with the New Zealand dollar. In response to these and other deregulatory policies, there was a record net private capital inflow of $1642 million in the December quarter 1984. Needless to say, the possibility of persistent capital inflows of this magnitude under a fixed exchange rate system posed a threat to the Government's firm monetary policy stance.

In early 1985 there was a widespread expectation that a change in New Zealand's exchange rate setting regime was imminent and that subsequently the New Zealand dollar would depreciate. This expectation, together with the relaxation of exchange controls in December 1984, led to a private capital outflow in the March quarter 1985. Significant private capital inflows resumed again following the floating of the exchange rate in March 1985; in the June quarter 1985 the net inflow was $730.6 million.

During the period covered by this review, private capital was attracted to this country by confidence in the longer term growth prospects of the New Zealand economy and by the high real interest rates resulting from a continuing firm monetary policy. In contrast to the pre-float situation, however, the capital inflows posed no threat to the monetary policy stance as they no longer influenced the monetary base.

Net official overseas borrowing declined sharply from $2,047.3 million in 1983/84 to $905.0 million in the year ended June 1985. Net official overseas borrowing in 1984/85 was for the sole purpose of building up official foreign exchange reserves to a more acceptable level; private capital inflows and the increase in the New Zealand dollar value of foreign exchange reserves resulting from devaluation were more than sufficient to finance foreign exchange outflows through the current account in 1984/85. Official foreign exchange reserves have been increased from $1463.4 million (equivalent to

TABLE 6
RATIO OF NET OFFICIAL CAPITAL INFLOW TO G.D.P.
($ million)

Years Ended June	*Net Official Capital Inflow*	*Gross Domestic Product*[1]	*Net Inflow as Percentage of G.D.P.*
1976	+ 165.7	11,669	1.4
1977	+ 268.1	14,105	1.9
1978	+ 422.8	15,424	2.7
1979	+ 560.6	17,510	3.2
1980	+ 145.3	21,092	0.6
1981	+ 846.6	24,461	3.5
1982	+ 1,259.0	29,327	4.3
1983	+ 561.3	32,369	1.7
1984	+ 2,047.3	34,937	5.9
1985	+ 905.0	39,955[2]	2.3

1. Gross domestic product figures are on a year ended March basis.
2. Reserve Bank of New Zealand estimate.

one month's imports of goods and services in 1983/84) as at the end of June 1984 to $2721.4 million (equivalent to two months' imports of goods and services in 1984/85) by the end of June 1985. Table 6 indicates that the ratio of net official capital inflow to GDP has fallen from its highest level during the past decade to 2.3 per cent in 1984/85.

The substantial increase in the average level of official overseas debt during the past two years has resulted in a further rise in official debt servicing ratios, which are shown in table 7. The table shows that the ratios of official debt interest to export receipts and current receipts were 13 per cent and 9.7 per cent respectively in 1984/85, compared with 9.3 per cent and 7.2 per cent respectively in the previous year.

Total official overseas debt (table 8) is estimated to have increased by 56 per cent to $15,406 million in the year ended June 1985. Of the $5531 million increase in official overseas debt, approximately $3,000 million arises from an accounting entry which scales up the existing debt to reflect the lower value of the New Zealand dollar in June 1985 than in June 1984 and $1415.5 million relates to building up of official foreign exchange reserves.

TABLE 7
RATIO OF OFFICIAL DEBT INTEREST PAYMENTS TO EXPORT RECEIPTS
($ million)

		Debt Interest as Percentage of:	
Year Ended June	*Official Debt Interest Payments*	*Export Receipts*	*Current Receipts*
1974	33.9	1.9	1.6
1975	61.3	3.7	2.8
1976	119.4	4.8	3.8
1977	170.0	5.1	4.2
1978	208.1	6.1	5.0
1979	253.6	6.2	5.1
1980	312.4	6.1	5.1
1981	349.6	5.7	4.7
1982	519.4	7.7	6.2
1983	670.3	9.2	7.3
1984	730.9	9.3	7.2
1985	1225.9	13.0	9.7

Conclusion

New Zealand's current account deficit rose from 5.6 per cent of GDP in 1983/84 to 6.4 per cent of GDP in the year ended June 1985. Underlying this increase in the deficit were a high rate of growth in import volumes a further decline in the terms of trade, the short-term scaling up effect on the deficit of the 1984 devaluation and a large increase in official overseas debt servicing costs. Changes in some of these variables are likely to reduce the current account deficit during the next two years. Lower growth in import volumes is expected to follow a weakening of domestic demand in New Zealand and, due to a lower rate of net official overseas borrowing since June 1984, the costs of servicing official overseas debt should stabilize. Already, the first signs of a reduction in the current account deficit have begun to appear. The current account deficit in the year to June 1985 was the first annual deficit since March 1984 to be lower than that recorded for the year ended in the previous quarter.

Due to the implementation of a range of Government policies to liberalise financial markets, there was a record (OET) net private capital inflow during the year ended June 1985. Official capital inflows were, however, considerably lower than in recent years and were used to build up New Zealand's official foreign exchange reserves. Now that New Zealand has a floating exchange rate, and provided that there is no official intervention in the foreign exchange market, net official overseas borrowing will only occur to the extent that it is desired to accumulate official foreign exchange reserves. Current account deficits and the accumulation of net overseas assets by foreign exchange dealers will (in the absence of official foreign exchange market intervention) be financed by net private capital inflows.

TABLE 8
NEW ZEALAND'S OFFICIAL AND GOVERNMENT CORPORATION OVERSEAS DEBT
($ million)

	Government[1]	*Reserve Bank*	*Total Official*	*% of GDP*	*Government Corporations*	*% GDP*
1982						
Mar.	5,460.0	1,227.5	6,687.5	22.8	1.114.1	3.8
1983						
Mar.	7,690.7	1,486.9	9,177.6	28.5	2,218.0	6.9
June	7,213.0	1,386.8	8,599.8		2,491.5	
Sept.	7,646.5	1,237.7	8,884.2		2,525.8	
Dec.	8,383.1	1,172.7	9,555.8		2,605.2	
1984						
Mar.	8,174.9	1,161.6	9,336.5	27.5	2,804.8	8.3
June	8,633.0	1,242.2[2]	9,875.2		2,927.2	
Sept	11,791.4	1,646.9[3]	13,438.3		3,931.1	
Dec.	12,769.1	1,625.8	14,394.9		4,172.9	
1985						
Mar.	12,366.2	1,550.1	13,916.3	33.4	4,617.8	11.1
June	13,576.6	1,829.3	15,405.9		4,686.6	

1 From March 1982 the audited Government debt figures have been adjusted to exclude railways' loans that were outstanding to the Crown when the Railways Department became a corporation.
The amounts involved are $89.4 million (March 1982), $84.0 million (June 1982), $81.3 million (September 1982), $74.4 million (December 1982), $74.0 million (March 1983), $72.6 million (June 1983), $68.1 million (September 1983), $61.9 million (December 1983), $51.5 million (March 1984), $46.9 million (June 1984), $54.9 million (September 1984), $49.0 million (December 1984), $43.3 million (March 1985), and $42.0 million (June 1985).

2 Not included in the total are short-term liabilities (stand-bys) totalling $542.5 million.

3 Not included in the total are short-term liabilities (stand-bys) totalling $400.4 million.