

08 December 2022

Martin Taylor
fyi-request-20994-568fa52a@requests.fyi.org.nz

Dear Martin

Thank you for your request made under the Official Information Act 1982 (OIA) on 31 October 2022 to the Reserve Bank of New Zealand – Te Pūtea Matua, as follows:

Further to the RBNZ media release of 9 June 2022 headed "Reserve Bank details planned sales of New Zealand Government Bonds"', please provide detailed accounting entries to show how this process works. In particular:

- 1) *Please provide the annotated accounting entries on the RBNZ, Treasury and any other relevant balance sheets for a representative RBNZ sales transaction*
- 2) *Please provide the annotated balance sheet entries for the Treasury's funding for purchases under this programme*
- 3) *Please explain, with annotated balance sheet entries, the process of retiring bonds, described here: "Bonds that NZDM repurchase from the Reserve Bank will be retired."*

On 9 November 2022 I emailed you seeking clarification on your request and informing you that RBNZ could only provide you with RBNZ's information , and could not provide you with information that pertained to the Treasury. This was in regard to questions number 1 and 2 where you refer to Treasury balance sheets. I also sought clarification on question 3, about whether you were referring to bond maturities, which you confirmed.

Response

Please find below three illustrative entries in RBNZ's ledger from both an LSAP bond close-out and an LSAP bond maturity, as requested in questions 1 and 3:

1. Please provide the annotated accounting entries on the RBNZ, Treasury and any other relevant balance sheets for a representative RBNZ sales transaction.

The below represent entries in RBNZ's ledger when a bond is closed out directly with The Treasury prior to maturity, in the instance where a premium was paid on the bond at purchase and a loss is realised on sale.

Balance Sheet (net nil entries between BS accounts)	
Cr	Bond Principal
Cr	Unamortised Bond Premium

Dr	Fair Value Adjustment
Cr	Accrued Interest
Dr	Crown Settlement Account (NZ Government Deposits)
<i>Profit and Loss (net nil entries between P&L accounts)</i>	
Dr	Realised Losses
Cr	Unrealised Losses

General information on RBNZ's balance sheets is also available on our website at: [Our balance sheet \(R1\) - Reserve Bank of New Zealand - Te Pūtea Matua \(rbnz.govt.nz\)](#).

- Please provide the annotated balance sheet entries for the Treasury's funding for purchases under this programme

We contacted Treasury in an attempt to transfer part of your request to them, as discussed in our email exchanges of 9 and 10 November. Unfortunately they refused our transfer as they do not have any specific data on the sales transactions referred to in these questions.

We are therefore refusing this part of your request under section 18(e) of the OIA, as the document alleged to contain the information requested does not exist.

- Please explain, with annotated balance sheet entries, the process of retiring bonds, described here: "Bonds that NZDM repurchase from the Reserve Bank will be retired".

The below represent entries in RBNZ's ledger when a bond matures (e.g. in April 2023)

Note that the "Unamortised Bond Premium" will have already amortised to nil upon maturity. Also, the "Fair Value Adjustment" balances will have also decayed to nil.

<i>Balance Sheet</i>	
Cr	Bond Principal
Cr	Accrued Interest
Dr	Crown Settlement Account (NZ Government Deposits)

No additional P&L entries are posted upon maturity.

You will find more information on the planned sales of government bonds on our website at: <https://www.rbnz.govt.nz/hub/domestic-markets-media-releases/reserve-bank-details-planned-sales-of-new-zealand-government-bonds>. There is also a description around the LDAP sales and the MOU with the NZDM available at: <https://www.rbnz.govt.nz/regulation-and-supervision/cross-sector-oversight/our-relationship-with-other-financial-regulators/our-memoranda-of-understanding/terms-of-sales-of-new-zealand->

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the OIA. The relevant details can be found on the Ombudsman's website at www.ombudsman.parliament.nz.

Please note that we intend to publish a copy of this response on the RBNZ website: www.rbnz.govt.nz/research-and-publications/official-information-requests. Responses to requests are published in order to improve public transparency and provide an additional resource for anyone seeking information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Janeca Miranda', with a long horizontal flourish extending to the right.

Janeca Miranda
Senior Advisor, Government and Industry Relations
Reserve Bank of New Zealand – Te Pūtea Matua