

Appropriation (2001/02 Financial Review) Bill

Government Bill

Explanatory note

General policy statement

It is a basic constitutional principle that the Government can spend public money and incur expenses and liabilities only in accordance with appropriations made by an Act of Parliament.

However, Parliament has, in the Public Finance Act 1989, conferred limited authority on the Governor-General by Order in Council to vary appropriations made by Parliament and on the Minister of Finance to approve expenditure in excess of, or without, appropriation by Parliament.

Section 5 of the Public Finance Act 1989 authorises the Governor-General by Order in Council to direct that an amount appropriated in a Vote for one class of outputs be transferred to another class of outputs in that Vote. There are 3 restrictions. First, the transfer must not increase the appropriation for a class of outputs by more than 5%. Second, there must have been no other transfer under section 5 of the Public Finance Act 1989 to the class of outputs during the financial year. Third, the total amount appropriated for all classes of outputs in the Vote for the financial year must remain unchanged. These Orders in Council must be sanctioned in an Appropriation Bill for the next financial year.

Section 12 of the Public Finance Act 1989 authorises the Minister of Finance to approve the spending of public money or the incurring of expenses or liabilities in excess of, or without, appropriation by Parliament. This is subject to a limit for each Vote of 1% of the total amount appropriated for that Vote by all Appropriation Acts for that financial year. The approval must be given not later than 3 months

after the end of the financial year concerned. Money spent and the expenses and liabilities incurred under the approval must be confirmed in an Appropriation Bill for the next financial year.

Any spending of public money and any incurring of expenses and liabilities in excess of, or without, appropriation by Parliament and that is not approved by the Minister of Finance under section 12 of the Public Finance Act 1989 is unlawful and requires validation by Parliament.

This Appropriation Bill—

- sanctions the Public Finance (Transfers Between Outputs) Order 2002 (SR 2002/199), which was made under section 5 of the Public Finance Act 1989 (*clause 5*);
- confirms expenses and liabilities incurred for the 2001/02 financial year in excess of, or without, appropriation by Parliament but in accordance with the approval of the Minister of Finance under section 12 of the Public Finance Act 1989 (*clause 6*);
- validates unappropriated expenses incurred for the 2001/02 financial year (*clauses 7 and 8*).

Section 12(3) of the Public Finance Act 1989 requires the Minister of Finance, on the introduction of this Bill, to lay before the House of Representatives a report setting out for each instance of unappropriated expenditure, expenses, or liabilities the explanation of the Minister responsible for the financial performance of the department concerned.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 states that the Bill comes into force on the day after the date of assent.

Clause 3 states that the purpose of the Bill is to sanction, confirm, and validate financial matters relating to the financial year ended on 30 June 2002.

Clause 4 is an interpretation clause.

Clause 5 sanctions the Public Finance (Transfers Between Outputs) Order 2002 (SR 2002/199). That Order, which came into force on 30 June 2002, directed that fiscally neutral transfers be made decreasing the amounts appropriated for 27 classes of outputs in 11

Votes and increasing the amounts appropriated for 35 classes of outputs in the same 11 Votes.

Clause 6 confirms the incurring of expenses and liabilities for the 2001/02 financial year in excess of, or without, appropriation by Parliament in accordance with the approval of the Minister of Finance under section 12 of the Public Finance Act 1989. There are 40 instances in 12 Votes administered by 11 departments of approved unappropriated expenses and liabilities. These are set out in the *Schedule*.

Clause 7 validates unappropriated expenses of \$93,523,000 incurred by the Department of Conservation in excess of the amount appropriated for the Capital Investment class of outputs in Vote Conservation for the 2001/02 financial year and the amount in excess of appropriation approved for that class of outputs by the Minister of Finance under section 12 of the Public Finance Act 1989.

Clause 8 validates unappropriated expenses of \$129,000 incurred by the Ministry of Justice in excess of the amount appropriated for the Representation – Waitangi Tribunal class of outputs in Vote Treaty Negotiations for the 2001/02 financial year and the amount in excess of appropriation approved for that class of outputs by the Minister of Finance under section 12 of the Public Finance Act 1989.

Hon Dr Michael Cullen

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Schedule
Unappropriated expenses and liabilities
for the year ended 30 June
2002 confirmed

The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Appropriation (2001/02 Financial Review) Bill **2002**.
- 2 Commencement**
This Act comes into force on the day after the date on which it receives the Royal assent.
- 3 Purpose**
This Act sanctions, confirms, and validates financial matters relating to the financial year ended on 30 June 2002.

4 Interpretation

In this Act, unless the context otherwise requires, the terms **capital contribution, class of outputs, expenses, financial year, liability, Mode B, other expenses, outputs, and Vote** have the meanings given them by section 2(1) of the Public Finance Act 1989.

5 Sanctioning of Order in Council directing transfer of resources between classes of outputs

The Public Finance (Transfers Between Outputs) Order 2002 (SR 2002/199) is sanctioned.

6 Confirmation of unappropriated expenses and liabilities approved by Minister of Finance

- (1) The incurring of expenses and liabilities approved by the Minister of Finance under section 12 of the Public Finance Act 1989 for the financial year ended 30 June 2002 and described in **subsections (2) and (3)** is confirmed.
- (2) The expenses and liabilities are the expenses and liabilities incurred in excess of, or without, appropriation by Parliament on the classes of outputs, categories of benefit expenses, categories of other expenses, categories of capital contributions to the Department, and categories of capital contributions to other persons or organisations shown in column 3 of the **Schedule**.
- (3) The approved expenses are shown in each case in column 4 of the **Schedule** against the class of outputs, the category of benefit expense, or the category of other expense for which the approval was given, and the approved liabilities are shown in each case in column 5 of the **Schedule** against the category of capital contribution for which the approval was given.

7 Validation of unappropriated expenses incurred by Department of Conservation in respect of Capital Investment class of output in Vote Conservation

- (1) The incurring of expenses of \$93,523,000 by the Department of Conservation for the financial year ended 30 June 2002 in the circumstances set out in **subsection (2)** is validated.
- (2) The circumstances were that,—
 - (a) for the year ended 30 June 2002, the Department of Conservation incurred expenses of \$201,043,000

- against the appropriation for the class of output Capital Investment in Vote Conservation; and
- (b) that amount exceeded by \$93,523,000 the aggregate of the following amounts for expenses to be incurred for that year by the Department of Conservation on that class of output:
 - (i) the amount appropriated by Parliament;
 - (ii) the amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.

8 Validation of unappropriated expenses incurred by Ministry of Justice in respect of Representation – Waitangi Tribunal class of output in Vote Treaty Negotiations

- (1) The incurring of expenses of \$129,000 by the Ministry of Justice for the financial year ended 30 June 2002 in the circumstances set out in **subsection (2)** is validated.
 - (2) The circumstances were that,—
 - (a) for the year ended 30 June 2002, the Ministry of Justice incurred expenses of \$2,729,000 against the appropriation for the class of output Representation – Waitangi Tribunal in Vote Treaty Negotiations; and
 - (b) that amount exceeded by \$129,000 the aggregate of the following amounts for expenses to be incurred for that year by the Ministry of Justice on that class of output:
 - (i) the amount appropriated by Parliament;
 - (ii) the amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.
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Schedule Unappropriated expenses and liabilities for the year ended 30 June 2002 confirmed

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)	Column 5 Liabilities \$(000)
Department of Conservation	Conservation	<i>Departmental output classes (Mode B)—</i>		
		Policy Advice and Ministerial Servicing	28	
		Statutory Planning and Coastal Responsibilities Under the Resource Management Act 1991	594	
		Management of Statutory Actions, Leases, Licences and Other Concessions	749	
		Provision of Recreation Opportunities— Access, Facilities and Services	1,180	
		<i>Capital contribution to the Department—</i> Capital Investment		359
Department for Courts	Courts	<i>Other expenses to be incurred by the Crown—</i>		
		Costs in Criminal Cases	40	
		Witness Fees and Expenses	267	
Crown Law Office	Attorney-General	<i>Departmental output class (Mode B)—</i> Legal Advice and Representation	152	
New Zealand Customs Service	Customs	<i>Departmental output classes (Mode B)—</i>		
		Clearance of International Passengers, Crew and Craft	248	
		Surveillance, Search and Containment	20	
Ministry of Economic Development	Energy	<i>Other expense to be incurred by the Crown—</i>		
		Blenheim Bore Mediation	188	
Ministry of Education	Education	<i>Non-departmental output class—</i>		
		Supporting Parenting	390	
		<i>Benefit and other unrequited expense—</i>		
		Boarding Allowances and Bursaries	100	
		<i>Other expenses to be incurred by the Crown—</i>		
		Secondary Education	11,418	
		Tertiary Education and Training	6,124	
		<i>Capital contribution to other persons or organisations—</i> Capital Contributions to Wananga		120
Ministry of Justice	Treaty Negotiations	<i>Departmental output class (Mode B)—</i> Representation—Waitangi Tribunal	140	

Unappropriated expenses and liabilities for the year ended 30 June 2002 confirmed—continued

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)	Column 5 Liabilities \$(000)
Ministry of Justice— <i>continued</i>		<i>Other expense to be incurred by the Crown—</i> Interest Payments on Settlements	145	
New Zealand Defence Force	Defence Force	<i>Departmental output classes (Mode B)—</i> Naval Combat Forces Naval Support Forces Hydrographic Data Collection and Processing for LINZ and Third Parties Land Combat Support Forces Land Combat Service Support Forces Specialised Forces Maritime Patrol Forces Rotary Wing Transport Forces Miscellaneous Support Activities Operationally Deployed Forces	1,074 138 56 613 608 495 13 225 68 51	
Parliamentary Service	Parliamentary Service	<i>Other expense to be incurred by the Crown—</i> Members' Communications	121	
The Police	Police	<i>Departmental output classes (Mode B)—</i> Policy Advice and Ministerial Servicing Policing Support to the Community Through Partnerships, Education, Crime Prevention and Youth Programmes Enforcement of Court Orders Vetting and Firearms Licensing Road Safety Programme	175 85 19 287 923	
Ministry of Social Development	Veterans' Affairs	<i>Benefit and other unrequited expense—</i> War Disability Pensions	632	
	Work and Income	<i>Benefits and other unrequited expenses—</i> Child Disability Allowance Disability Allowance Domestic Purposes Benefit Special Needs Grant Tenure Protection Allowance	19 961 14,525 52 8	