

## IMPREST SUPPLY (THIRD FOR 1996/97) BILL

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### EXPLANATORY NOTE

#### *General Policy Statement*

Imprest supply is the statutory mechanism which allows Parliament to provide the Government with the authority to spend public money and to incur expenses and liabilities in advance of appropriation by way of an Appropriation Act.

The Bill is required to ensure that the Government has sufficient supply to implement decisions taken after the 1996/97 Estimates were finalised and to meet any increases in demand-driven expenses or other contingencies in excess of the amounts provided in the Appropriation (1996/97 Estimates) Act 1996 and in the Imprest Supply (Second for 1996/97) Act 1996.

The amounts this Bill seeks are sufficient to provide supply until the Appropriation (1996/97 Supplementary Estimates) Bill is passed for the spending of public money and the incurring of expenses and liabilities in excess of the amounts appropriated in the Appropriation (1996/97 Estimates) Act 1996 and the amounts provided for in the Imprest Supply (Second for 1996/97) Act 1996.

Imprest is calculated separately for public money, expenses and liabilities.

Imprest sought for public money in this Bill covers the appropriation type:

- capital contributions to departments.

Imprest sought for expenses in this Bill covers the appropriation types:

- departmental and non-departmental classes of outputs:
- benefits and other unrequited expenses:
- borrowing expenses:
- departmental and non-departmental other expenses.

Imprest sought for liabilities in this Bill covers the appropriation types:

- non-departmental capital contributions:
- purchase or development of capital assets by the Crown.

#### *Clause by Clause Analysis*

*Clause 1* relates to the Short Title.

*Clause 2* is an interpretation provision.

*Clauses 3, 4, and 5* are the main clauses in the Bill.

*Clause 3* seeks authority to spend \$300 million of public money in advance of appropriation.

The principal component of imprest supply being sought for public money is a capital contribution to the Ministry of Education to provide for new school accommodation.

The authority sought for public money also contains a general contingency provision to ensure supply in the event of unforeseen risks eventuating.

*Clause 4* seeks authority to incur expenses of \$2,100 million in advance of appropriation.

The main components of imprest supply being sought for expenses are:

- \$1 billion for a change in the appropriation type for payments to education providers (from non-departmental output classes to non-departmental other expenses). This is a fiscally neutral change. There will be no change in the level of expenses incurred. The change is required as a result of legal advice that a purchase agreement is required for all expenditure by the Crown under non-departmental output class appropriations. The possibility exists that a majority of education providers do not have legally binding purchase agreements with the Crown.
- provision for the increase side of fiscally neutral transfers. These require an appropriation and imprest supply authority but are matched by decreases in other items. They do not affect the operating balance.
- a contingency provision for—
  - fiscal risks (as detailed in the 1996 December Economic and Fiscal Update);
  - increases in demand-driven items, such as social welfare benefits and education purchases.

*Clause 5* seeks authority to incur liabilities of \$400 million in advance of appropriation.

The authority sought for liabilities includes capital for purchases of defence assets.

The authority sought for liabilities for capital transactions also contains a general contingency provision to ensure continuous supply in the event of unforeseen risks eventuating.

*Clause 6* provides that the authority to spend public money and to incur expenses and liabilities conferred by the Bill is in addition to the authority conferred by the Imprest Supply (Second for 1996/97) Act 1996.

*Clause 7* specifies that all public money spent and expenses and liabilities incurred under *clauses 3, 4, and 5* are to be charged against appropriations in an Appropriation Act for the 1996/97 year. Appropriations for amounts included in this Bill will be sought in the Appropriation (1996/97 Supplementary Estimates) Bill.

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*Hon. Winston Peters*

**IMPREST SUPPLY (THIRD FOR 1996/97)**

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ANALYSIS

Title	5. Authority to incur liabilities
1. Short Title	6. Authority additional to that conferred by Imprest Supply (Second for 1996/97) Act 1996
2. Interpretation	7. Appropriation required
3. Authority to spend public money	
4. Authority to incur expenses	

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A BILL INTITULED

**An Act to authorise the Crown to spend public money and to incur expenses and liabilities during the financial year ending with 30 June 1997 in advance of appropriations by way of an Appropriation Act**

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title**—This Act may be cited as the Imprest Supply (Third for 1996/97) Act 1997.

**2. Interpretation**—In this Act, unless the context otherwise requires,—

(a) The term “1996/97 year” means the financial year ending with 30 June 1997; and

(b) The terms “expenses”, “financial year”, “liability”, “public money”, and “Vote” have the meanings given to them by section 2 (1) of the Public Finance Act 1989.

**3. Authority to spend public money**—(1) Public money may, during the 1996/97 year, be spent in advance of appropriation in relation to any Vote.

(2) The amount of public money authorised by **subsection (1)** to be spent in the 1996/97 year must not exceed in the aggregate the sum of \$300,000,000.

**4. Authority to incur expenses—**(1) Expenses may, during the 1996/97 year, be incurred in advance of appropriation in relation to any Vote.

(2) Expenses incurred under **subsection (1)** during the 1996/97 year must not exceed in the aggregate the sum of \$2,100,000,000.

(3) Public money, in addition to the public money that may be spent under the authority of **sections 3 (1) and 5 (3)**, may be spent for the purpose of meeting expenses incurred under **subsection (1)**.

**5. Authority to incur liabilities—**(1) Liabilities may, during the 1996/97 year, be incurred in advance of appropriation in relation to any Vote.

(2) Liabilities incurred under **subsection (1)** during the 1996/97 year must not exceed in the aggregate the sum of \$400,000,000.

(3) Public money, in addition to the public money that may be spent under the authority of **sections 3 (1) and 4 (3)**, may be spent for the purpose of meeting liabilities incurred under **subsection (1)**.

**6. Authority additional to that conferred by Imprest Supply (Second for 1996/97) Act 1996—**The authority conferred by this Act to spend public money and to incur expenses and liabilities is in addition to, and not in substitution for, the authority conferred by the Imprest Supply (Second for 1996/97) Act 1996.

**7. Appropriation required—**All public money spent under **section 3 (1)**, all expenses incurred under **section 4 (1)**, and all liabilities incurred under **section 5 (1)** must be charged in the manner specified in an Appropriation Act for the 1996/97 year and, until the coming into force of the Appropriation Act in which that manner is specified, may be spent or incurred during the 1996/97 year as if they had been spent or incurred in accordance with 1 of the separate appropriations specified in **section 4 (3)** of the Public Finance Act 1989.