

IMPREST SUPPLY (FIRST FOR 1997/98) BILL

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.

This Imprest Supply Bill is to provide the sole financial authority from the start of the 1997/98 financial year until the Appropriation (1997/98 Estimates) Bill is passed. The amounts this Bill seeks are sufficient to provide supply to the end of September, shortly after the date Standing Orders require debate on that Appropriation Bill to be completed.

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

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

- capital contributions to departments:
- repayment of debt.

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.

The amounts of supply for each of public money, expenses, and liabilities are calculated on the basis of one-quarter of the relevant annual appropriations being included in the 1997/98 Estimates adjusted for uneven timing, plus a general contingency provision to cover risks which may eventuate.

The amounts of supply sought in this Bill are higher than the amounts of supply sought in the Imprest Supply (First for 1996/97) Act 1996. The reason for this is that this Bill is to provide supply for the first 3 months of the financial year rather than the first 2 months covered by the Imprest Supply (First for 1996/97) Act 1996.

The amounts for each category of Imprest in the Imprest Supply (First for 1996/97) Act 1996 were as follows:

- public money \$150 million
- expenses \$5,500 million
- liabilities \$700 million.

In comparison, the amounts sought in this Bill are:

- public money \$250 million
- expenses \$8,500 million
- liabilities \$1,000 million.

Clause by Clause Analysis

Clause 1 relates to the Short Title and commencement of the Bill.

Clause 2 relates to the expiry of the Bill. The Bill expires on the coming into force of the first Appropriation Act for the 1997/98 financial year.

Clause 3 is an interpretation provision.

Clauses 4, 5, and 6 are the main clauses in the Bill.

Clause 4 seeks authority to spend \$250 million of public money in advance of appropriation. This amount has been calculated by taking one-quarter of the annual public money appropriations being included in the 1997/98 Estimates and adjusting this amount for items that are incurred unevenly over the financial year and adding a general contingency to ensure continuous supply in the event of risks eventuating.

Clause 5 seeks authority to incur expenses of \$8,500 million in advance of appropriation. This amount has been calculated by taking one-quarter of the annual expense appropriations being included in the 1997/98 Estimates and adjusting this amount for items that are incurred unevenly over the financial year and adding a general contingency to ensure continuous supply in the event of risks eventuating.

Clause 6 seeks authority to incur liabilities of \$1,000 million in advance of appropriation. This amount has been calculated by taking one-quarter of the annual liability appropriations being included in the 1997/98 Estimates and adjusting this amount for items that are incurred unevenly over the financial year and adding a general contingency to ensure continuous supply in the event of risks eventuating.

Clause 7 specifies that all public money spent and expenses and liabilities incurred under *clauses 4, 5, and 6* are to be charged against appropriations in an Appropriation Act for the 1997/98 year. Appropriations for amounts included in this Bill will be sought in the Appropriation (1997/98 Estimates) Bill and the Appropriation (1997/98 Supplementary Estimates) Bill.

Hon Winston Peters

IMPREST SUPPLY (FIRST FOR 1997/98)

ANALYSIS

Title	4. Authority to spend public money
1. Short Title and commencement	5. Authority to incur expenses
2. Expiry	6. Authority to incur liabilities
3. Interpretation	7. Appropriation required

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 1998 in advance of appropriation by way of an Appropriation Act

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

1. Short Title and commencement—(1) This Act may be cited as the Imprest Supply (First for 1997/98) Act 1997.

(2) This Act comes into force on 1 July 1997.

2. Expiry—This Act expires on the coming into force of the first Appropriation Act for the 1997/98 year.

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

(a) The term “1997/98 year” means the financial year ending with 30 June 1998:

(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.

4. Authority to spend public money—(1) Public money may, during the 1997/98 year, be spent in advance of appropriation in relation to any Vote.

(2) The total amount of public money authorised by **subsection (1)** to be spent in the 1997/98 year must not exceed in the aggregate the sum of \$250,000,000.

5. Authority to incur expenses—(1) Expenses may, during the 1997/98 year, be incurred in advance of appropriation in relation to any Vote.

(2) Expenses incurred under **subsection (1)** during the 1997/98 year must not exceed in the aggregate the sum of \$8,500,000,000.

(3) Public money, in addition to the public money that may be spent under the authority of **sections 4 (1) and 6 (3)**, may be spent for the purpose of meeting expenses incurred under **subsection (1)**.

6. Authority to incur liabilities—(1) Liabilities may, during the 1997/98 year, be incurred in advance of appropriation in relation to any Vote.

(2) Liabilities incurred under **subsection (1)** during the 1997/98 year must not exceed in the aggregate the sum of \$1,000,000,000.

(3) Public money, in addition to the public money that may be spent under the authority of **sections 4 (1) and 5 (3)**, may be spent for the purpose of meeting liabilities incurred under **subsection (1)**.

7. Appropriation required—All public money spent under **section 4 (1)**, all expenses incurred under **section 5 (1)**, and all liabilities incurred under **section 6 (1)** must be charged in the manner to be specified in an Appropriation Act for the 1997/98 year and, until the coming into force of the Appropriation Act in which that manner is specified, may be spent or incurred during the 1997/98 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.