

## IMPREST SUPPLY (SECOND FOR 1999/2000) BILL

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### EXPLANATORY NOTE

#### *General Policy Statement*

Imprest supply is the statutory mechanism that 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 Imprest Supply (First for 1999/2000) Act 1999 provides the sole financial authority from the start of the 1999/2000 financial year until the Appropriation (1999/2000 Estimates) Bill is passed. In contrast, the Imprest Supply (Second for 1999/2000) Bill seeks financial authority additional to that sought in the Appropriation (1999/2000 Estimates) Bill.

This Bill is required to ensure the Government has sufficient supply to implement decisions taken after the 1999/2000 Estimates were finalised and to meet any increases in demand-driven expenses or other risks or contingencies in excess of the amounts provided in the Appropriation (1999/2000 Estimates) Bill.

The amounts this Bill seeks are sufficient to provide supply until the Appropriation (1999/2000 Supplementary Estimates) Bill is passed for the spending of public money and the incurring of expenses and liabilities in excess of the amounts provided in the Appropriation (1999/2000 Estimates) Bill.

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.

*Clause by Clause Analysis*

*Clause 1* relates to the Short Title of the Bill.

*Clause 2* is an interpretation provision.

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

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

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

*Clause 4* seeks authority to incur expenses of \$1,100 million in advance of appropriation.

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

- Cabinet decisions subsequent to the 1999 Budget being finalised, in particular the 1999/2000 cost of the teachers' pay settlement:
- risks eventuating that had been allowed for in the provision for future initiatives in the 1999 Budget fiscal forecasts:
- provision for the increase side of fiscally neutral adjustments. These require appropriation and imprest supply authority but are offset by equivalent reductions in other items. They do not affect the operating balance. Within the expense classification, around \$300 million is provided for a new Vote to be administered by the new Department of Child, Youth and Family Services from 1 October 1999. There will be an equivalent reduction in expenditure under Vote Social Services:
- a contingency provision for—
  - (a) currently unforeseen expenses:
  - (b) increases in demand-driven items, such as social welfare benefits and education purchases.

*Clause 5* seeks authority to incur liabilities of \$600 million in advance of appropriation.

The main components of imprest supply being sought for liabilities are for—

- capital injections to hospital and health service providers of \$127 million unspent from the 1998/99 appropriation:
- capital appropriation of \$97 million to record the initial purchase of the F16 aircraft and the associated start-up package.

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* 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 1999/2000 year. Appropriations for the amounts included in this Bill will be sought in the Appropriation (1999/2000 Supplementary Estimates) Bill.

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*Hon Bill English*

**IMPREST SUPPLY (SECOND FOR 1999/2000)**

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ANALYSIS

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

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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 2000 in advance of appropriation 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 (Second for 1999/2000) Act 1999.

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

(a) The term “1999/2000 year” means the financial year ending with 30 June 2000:

(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 1999/2000 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 1999/2000 year must not exceed in the aggregate the sum of \$300,000,000.

**4. Authority to incur expenses**—(1) Expenses may, during the 1999/2000 year, be incurred in advance of appropriation in relation to any Vote.

(2) Expenses incurred under **subsection (1)** during the 1999/2000 year must not exceed in the aggregate the sum of \$1,100,000,000.

(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 1999/2000 year, be incurred in advance of appropriation in relation to any Vote.

(2) Liabilities incurred under **subsection (1)** during the 1999/2000 year must not exceed in the aggregate the sum of \$600,000,000.

(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. 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 to be specified in an Appropriation Act for the 1999/2000 year and, until the coming into force of the Appropriation Act in which that manner is specified, may be spent or incurred during the 1999/2000 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.