

# **Imprest Supply (Second for 2001/02) Bill**

Government Bill

## **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 2001/02) Act 2001 provides the sole financial authority from the start of the 2001/02 year until the Appropriation (2001/02 Estimates) Bill is passed. In contrast, the Imprest Supply (Second for 2001/02) Bill seeks financial authority additional to that sought in the Appropriation (2001/02 Estimates) Bill.

This Bill is required to ensure that the Government has sufficient supply to implement decisions taken after the 2001/02 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 (2001/02 Estimates) Bill.

The amounts this Bill seeks are intended to be sufficient to provide supply until the Appropriation (2001/02 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 (2001/02 Estimates) Bill.

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 following 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 following appropriation types:

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

The authority sought for public money is less than that sought in the corresponding Bill last year.

The authority sought for expenses and liabilities is more than that sought in the corresponding Bill last year as the authority includes funding for—

- the restructuring of the health and social welfare sectors:
- the establishment of a Ministry of Food:
- the establishment of Māori television:
- potential tertiary education initiatives:
- New Zealand Defence Force expenses and fiscally neutral adjustments:
- potential Auckland rail lease purchase.

### **Clause by clause analysis**

*Clause 1* is the Title clause.

*Clause 2* is the commencement clause. The Bill comes into force on the day after the date on which it receives the Royal assent.

*Clause 3* provides that the Bill expires on the coming into force of the second Appropriation Act for 2001/02 (the Appropriation (2001/02 Supplementary Estimates) Act 2002).

*Clause 4* states that the purpose of the Bill is to authorise the Crown to spend public money and incur expenses and liabilities during the 2001/02 financial year in advance of appropriation by way of an Appropriation Act.

*Clause 5* defines certain terms used in the Bill.

*Clauses 6, 7, and 8* are the main clauses of the Bill.

*Clause 6* seeks authority to spend \$200 million of public money in advance of appropriation. The authority sought for public money contains a general contingency provision to ensure supply in the event of unforeseen risks eventuating.

*Clause 7* seeks authority to incur expenses of \$2,200 million in advance of appropriation. The main components are—

- Cabinet decisions after the 2001/02 Budget:
- potential risks to the 2001/02 Budget contingency:
- provision for increases in appropriations relating to 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 significant proportion of the \$2,200 million sought for expenses is related to fiscally neutral transfers that may be required—
  - to effect restructuring in the health and social welfare sectors:
  - for Votes Police and Labour:
  - for the establishment of Māori television and Ministry of Food:
- a contingency provision for unforeseen expenses and increases in demand-driven items such as social welfare benefits and education purchases.

*Clause 8* seeks authority to incur liabilities of \$1,500 million in advance of appropriation. The main components are—

- Votes Finance and Health, including the transfer of appropriations from 2000/01 to 2001/02 for potential refinancing of private sector debt to public sector debt and fiscally neutral transfers of appropriations between output classes:
- potential capital appropriations for Votes Education and Transport.

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 9* specifies that all public money spent, and expenses and liabilities incurred, under *clauses 6, 7, and 8* must be charged against

appropriations in an Appropriation Act for the 2001/02 year. Appropriations for amounts included in this Bill will be sought in the Appropriation (2001/02 Supplementary Estimates) Bill.

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*Hon Dr Michael Cullen*

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**The Parliament of New Zealand enacts as follows:**

**1 Title**

This Act is the Imprest Supply (Second for 2001/02) Act **2001**.

**2 Commencement**

This Act comes into force on the day after the date on which it receives the Royal assent.

**3 Expiry**

This Act expires on the coming into force of the second Appropriation Act for 2001/02.

**4 Purpose**

The purpose of this Act is to authorise the Crown to spend public money and to incur expenses and liabilities during the financial year ending with 30 June 2002 in advance of appropriation by way of an Appropriation Act.

**5 Interpretation**

In this Act, unless the context otherwise requires,—

**2001/02 year** means the financial year ending with 30 June 2002

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

**6 Authority to spend public money**

- (1) Public money may, during the 2001/02 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 2001/02 year must not exceed in the aggregate the sum of \$200,000,000.

**7 Authority to incur expenses**

- (1) Expenses may, during the 2001/02 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Expenses incurred under **subsection (1)** during the 2001/02 year must not exceed in the aggregate the sum of \$2,200,000,000.
- (3) Public money, in addition to the public money that may be spent under the authority of **sections 6(1) and 8(3)**, may be spent for the purpose of meeting expenses incurred under **subsection (1)**.

**8 Authority to incur liabilities**

- (1) Liabilities may, during the 2001/02 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Liabilities incurred under **subsection (1)** during the 2001/02 year must not exceed in the aggregate the sum of \$1,500,000,000.
- (3) Public money, in addition to the public money that may be spent under the authority of **sections 6(1) and 7(3)**, may be spent for the purpose of meeting liabilities incurred under **subsection (1)**.

**9 Appropriation required**

- (1) All public money spent under **section 6(1)**, all expenses incurred under **section 7(1)**, and all liabilities incurred under **section 8(1)** must be charged in the manner to be specified in an Appropriation Act for the 2001/02 year.
- (2) Until the coming into force of the Appropriation Act in which that manner is specified, that public money and those expenses and liabilities may be spent or incurred during the

2001/02 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.