

Imprest Supply (First for 2002/03) 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.

This Imprest Supply Bill provides the sole financial authority from the start of the 2002/03 financial year until the Appropriation (2002/03 Estimates) Bill is passed. The amounts this Bill seeks are sufficient to provide supply to the end of November 2002 (22 August is the last sitting date scheduled prior to the date that 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 following appropriation types:

- capital contributions to departments:
- repayment of debt.

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 amounts of supply for each of public money, expenses, and liabilities are calculated on the basis of five-twelfths of the relevant annual appropriations being included in the 2002/03 Estimates, adjusted for uneven timing, plus a general contingency provision to cover risks that may eventuate.

The authority sought for—

- public money and expenses is greater than that sought in the corresponding Bill last year. The key difference (other than the time period covered) is due to funding for the school property work programme:
- expenses is greater than that sought in the corresponding Bill last year. Aside from differences in the period for which supply is sought, the difference includes funding for the settlement of the secondary school teachers' collective agreement and for health services, plus a contingency provision to cover risks:
- liabilities is less than that sought in the corresponding Bill last year. The amount last year was largely made up of Housing New Zealand Corporation capitalisation of \$3 billion. The authority for this year includes funding against the capital provision in the education package, capital costs for health, Air New Zealand equity, Television New Zealand group restructuring, and New Zealand Superannuation Fund contributions, plus a contingency provision to cover risks.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 states that the Bill comes into force on **1 July 2002**.

Clause 3 relates to the expiry of the Bill.

Clause 4 is an interpretation provision.

Clauses 5, 6, and 7 are the main clauses in the Bill.

Clause 5 seeks authority to spend \$224 million of public money in advance of appropriation. This amount has been calculated as follows:

Total annual public money appropriations (2002/03 Estimates)	\$336 million
Five-twelfths of total annual public money appropriations	\$140 million
Allowance for uneven timing	\$84 million
General contingency provision to ensure continuous supply in the event of risks eventuating	nil
Total imprest for public money	\$224 million

Clause 6 seeks authority to incur expenses of \$16,790 million in advance of appropriation. This amount has been calculated as follows:

Total annual expense appropriations (2002/03 Estimates)	\$37,368 million
Five-twelfths of total annual expense appropriations	\$15,570 million
Allowance for uneven timing	\$1,120 million
General contingency provision to ensure continuous supply in the event of risks eventuating	\$100 million
Total imprest for expenses	\$16,790 million

Clause 7 seeks authority to incur liabilities of \$3,505 million in advance of appropriation. This amount has been calculated as follows:

Total annual liabilities appropriations (2002/03 Estimates)	\$4,380 million
Five-twelfths of total annual liabilities appropriations	\$1,825 million
Allowance for uneven timing	\$1,580 million
General contingency provision to ensure continuous supply in the event of risks eventuating	\$100 million
Total imprest for liabilities	\$3,505 million

Clause 8 provides that all public money spent and expenses and liabilities incurred under *clauses 5, 6, and 7* are charged against appropriations in an Appropriation Act for the 2002/03 year.

Appropriations for amounts included in this Bill are being sought in the Appropriation (2002/03 Estimates) Bill.

Hon Dr Michael Cullen

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Imprest Supply (First for 2002/03) Act **2002**.

2 Commencement

This Act comes into force on **1 July 2002**.

3 Expiry

This Act expires on the coming into force of the first Appropriation Act for the 2002/03 year.

4 Interpretation

In this Act, unless the context otherwise requires,—

2002/03 year means the financial year ending with 30 June 2003

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

5 Authority to spend public money

- (1) Public money may, during the 2002/03 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 2002/03 year must not exceed in the aggregate the sum of \$224,000,000.

6 Authority to incur expenses

- (1) Expenses may, during the 2002/03 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Expenses incurred under **subsection (1)** during the 2002/03 year must not exceed in the aggregate the sum of \$16,790,000,000.
- (3) Public money, in addition to the public money that may be spent under the authority of **sections 5(1) and 7(3)**, may be spent for the purpose of meeting expenses incurred under **subsection (1)**.

7 Authority to incur liabilities

- (1) Liabilities may, during the 2002/03 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Liabilities incurred under **subsection (1)** during the 2002/03 year must not exceed in the aggregate the sum of \$3,505,000,000.
- (3) Public money, in addition to the public money that may be spent under the authority of **sections 5(1) and 6(3)**, may be spent for the purpose of meeting liabilities incurred under **subsection (1)**.

8 Appropriation required

All public money spent under **section 5(1)**, all expenses incurred under **section 6(1)**, and all liabilities incurred under **section 7(1)** must be charged in the manner specified in an Appropriation Act for the 2002/03 year and, until the coming into force of the Appropriation Act in which that manner is specified, may be spent or incurred during the 2002/03 year as if they had been spent or incurred in accordance with one of the separate appropriations specified in section 4(3) of the Public Finance Act 1989.