

Imprest Supply (First for 2007/08) 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 incur expenses and capital expenditure in advance of appropriation by way of an Appropriation Act.

This Imprest Supply Bill provides the sole financial authority from the start of the 2007/08 financial year until the Appropriation (2007/08 Estimates) Bill is passed. The amounts this Bill seeks are sufficient to provide supply until the end of August 2007.

This Bill expires on the coming into force of the Appropriation (2007/08 Estimates) Bill. Appropriations for expenses and capital expenditure incurred under the authority of this Bill will be sought in an Appropriation Act for the 2007/08 year.

In this Bill, imprest is calculated separately for expenses and capital expenditure, except in relation to intelligence and security departments. The expenses and capital expenditure to be incurred by those departments are included within the imprest sought for expenses in this Bill.

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

- output expenses:
- benefits or other unrequited expenses:
- other expenses:
- expenses and capital expenditure to be incurred by each intelligence and security department.

Imprest sought for capital expenditure in this Bill covers the appropriations for capital expenditure.

The amounts of supply for expenses and capital expenditure are calculated on the basis of one-sixth (2 months' worth) of the relevant annual appropriations included in the 2007/08 Estimates, adjusted for uneven timing, plus an allowance for multi-year appropriations and a general contingency provision to cover risks that may eventuate. In particular, the authority sought this year includes upfront funding attributed to Votes Defence, Education, Finance, Health, Lands, and Revenue.

In addition, this Bill seeks approval for the net asset holdings of departments and Offices of Parliament to exceed the amounts confirmed in Schedule 4 of the Appropriation (2006/07 Supplementary Estimates) Act 2007 by no more than \$1,000 million in aggregate.

Section 22(3) of the Public Finance Act 1989 states that the amount of net asset holding in a department must not exceed the most recent projected balance of net assets for that department as set out in an Appropriation Act. Section 26E(1)(b) and (4) of the Public Finance Act 1989 means that section 22(3) of that Act also applies to Offices of Parliament. Therefore, the approvals in this Bill in relation to net asset holdings also apply to Offices of Parliament.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 states that the Bill comes into force on **1 July 2007**.

Clause 3 relates to the expiry of the Bill.

Clause 4 states that the purposes of the Bill are—

- to authorise expenses and capital expenditure to be incurred by the Crown and Offices of Parliament during the 2007/08 financial year in advance of appropriation by way of an Appropriation Act; and
- to enable the net asset holdings of departments and Offices of Parliament to exceed the amounts confirmed in the Appropriation (2006/07 Supplementary Estimates) Act 2007.

Clause 5 is an interpretation provision.

Clause 6 seeks authority to incur expenses (including expenses and capital expenditure to be incurred by each intelligence and security department) of \$9,500 million in advance of appropriation. This amount has been calculated as follows:

Total annual expense appropriations in the Appropriation (2007/08 Estimates) Bill	\$48,906 million
One-sixth (2 months' worth) of total annual expense appropriations	\$8,151 million
Allowance for uneven timing	\$484 million
Allowance for multi-year appropriations	\$47 million
General contingency provision for expenses in excess, or outside the scope, of the expense appropriations in the Appropriation (2007/08 Estimates) Bill	\$818 million
Total imprest for expenses	\$9,500 million

Clause 7 seeks authority to incur capital expenditure of \$1,200 million in advance of appropriation. This amount has been calculated as follows:

Total annual capital expenditure appropriations in the Appropriation (2007/08 Estimates) Bill	\$5,722 million
One-sixth (2 months' worth) of total annual capital expenditure appropriations	\$954 million
Allowance for uneven timing	\$119 million
General contingency provision for capital expenditure in excess, or outside the scope, of the capital expenditure appropriations in the Appropriation (2007/08 Estimates) Bill	\$127 million
Total imprest for capital expenditure	\$1,200 million

Clause 8 provides that all expenses and capital expenditure incurred under *clauses 6 and 7* must be charged against appropriations in an Appropriation Act for the 2007/08 year.

Appropriations for most of the amounts included in this Bill are being sought in the Appropriation (2007/08 Estimates) Bill.

Clause 9 seeks approval for the net asset holdings of departments (other than intelligence and security departments) and Offices of Parliament to exceed the amounts confirmed in the Appropriation (2006/07 Supplementary Estimates) Act 2007 (as those amounts are set out in accordance with section 23(1)(c) of the Public Finance Act 1989).

The aggregate of the net asset holdings of departments and Offices of Parliament that exceed the projected balance of net assets for those departments or Offices of Parliament at the end of the 2006/07 financial year (as set out in the Appropriation (2006/07 Supplementary Estimates) Act 2007) together with the total net asset holding of any department that is not listed in that Act must not exceed the aggregate of the net asset holdings of those departments and Offices of Parliament by more than \$1,000 million.

Clause 9 also specifies that, for the purposes of that clause, the amount of net asset holding in a department or an Office of Parliament does not include any operating surplus retained in accordance with section 22(1) of the Public Finance Act 1989 or any remeasurement as set out in section 22(2) of that Act.

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 2007/08) Act **2007**.
- 2 Commencement**
This Act comes into force on **1 July 2007**.
- 3 Expiry** 5
This Act expires on the coming into force of the first Appropriation Act for the 2007/08 year.
- 4 Purposes**
The purposes of this Act are—
 - (a) to authorise expenses and capital expenditure to be 10
incurred by the Crown and Offices of Parliament during the financial year ending with 30 June 2008 in advance of appropriation by way of an Appropriation Act; and

- (b) to enable the net asset holdings of departments and Offices of Parliament to exceed the amounts confirmed in the Appropriation (2006/07 Supplementary Estimates) Act 2007.
- 5 Interpretation** 5
- (1) In this Act, unless the context otherwise requires,—
2007/08 year means the financial year ending with 30 June 2008
expenses has the meaning given to it by section 2(1) of the Public Finance Act 1989, but also includes expenses and capital expenditure incurred by an intelligence and security department. 10
- (2) In this Act, unless the context otherwise requires, **asset, capital expenditure, department, financial year, intelligence and security department, Minister, Office of Parliament, operating surplus, remeasurements, Responsible Minister, and Vote** have the meanings given to them by section 2(1) of the Public Finance Act 1989. 15
- 6 Authority to incur expenses**
- (1) Expenses may, during the 2007/08 year, be incurred in advance of appropriation in relation to any Vote. 20
- (2) Expenses incurred under **subsection (1)** during the 2007/08 year must not exceed in the aggregate the sum of \$9,500 million.
- 7 Authority to incur capital expenditure**
- (1) Capital expenditure may, during the 2007/08 year, be incurred in advance of appropriation in relation to any Vote. 25
- (2) Capital expenditure incurred under **subsection (1)** during the 2007/08 year must not exceed in the aggregate the sum of \$1,200 million.
- 8 Appropriation required** 30
- (1) All expenses incurred under **section 6(1)** and all capital expenditure incurred under **section 7(1)** must be charged in the manner specified in an Appropriation Act for the 2007/08 year.
- (2) Until the coming into force of the Appropriation Act in which that manner is specified, those expenses and that capital expenditure may be incurred during the 2007/08 year as if 35

they had been incurred in accordance with one of the separate appropriations specified in section 7(1) of the Public Finance Act 1989.

- 9 Authority to exceed net assets confirmed in Appropriation Act** 5
- (1) In this section,—
- excess amount** means the amount by which the net asset holding of a department or Office of Parliament, during the 2007/08 year, exceeds the projected balance for that department or Office of Parliament 10
- projected balance** means the projected balance of net assets at 30 June 2007 set out in column 9 of Schedule 4 of the Appropriation (2006/07 Supplementary Estimates) Act 2007.
- (2) The amount of net asset holding in a department (other than an intelligence and security department) or an Office of Parliament during the 2007/08 year may exceed the projected balance for that department or Office of Parliament. 15
- (3) However, the aggregate of the excess amounts for all departments and Offices of Parliament together with the total net asset holding of any department that is not listed in Schedule 4 of the Appropriation (2006/07 Supplementary Estimates) Act 2007 must not exceed \$1,000 million. 20
- (4) For the purposes of **subsections (1) and (2)**, the amount of net asset holding in a department or an Office of Parliament does not include— 25
- (a) any operating surplus retained as agreed between the Minister and the Responsible Minister for a department or an Office of Parliament in accordance with section 22(1) of the Public Finance Act 1989 that is not reflected in Schedule 4 of the Appropriation (2006/07 Supplementary Estimates) Act 2007; or 30
- (b) any remeasurement of a department's or an Office of Parliament's reported net asset holding as set out in section 22(2) of the Public Finance Act 1989 that is not reflected in Schedule 4 of the Appropriation (2006/07 Supplementary Estimates) Act 2007. 35
- (5) **Subsections (2) and (3)** apply despite section 22(3) of the Public Finance Act 1989.