

APPROPRIATION (1997/98 FINANCIAL REVIEW) BILL

EXPLANATORY NOTE

General Policy Statement

It is a basic constitutional principle that the Government can spend public money (expenditure) and incur expenses and liabilities only in accordance with appropriations made by Act of Parliament.

However, Parliament has, in the Public Finance Act 1989, conferred limited authority on the Governor-General by Order in Council to vary appropriations made by Parliament and on the Minister of Finance to approve expenditure in excess of or without appropriation by Parliament.

Section 5 of the Act authorises the Governor-General by Order in Council to direct that an amount appropriated in a Vote for 1 class of outputs be transferred to another class of outputs in that Vote. There are 3 restrictions. First, the transfer must not increase the appropriation for a class of outputs by more than 5%. Second, there must have been no other transfer under the section to the class of outputs during the financial year. Third, the total amount appropriated for all classes of outputs in the Vote for the financial year must remain unchanged. These Orders in Council must be sanctioned in an Appropriation Bill for the next financial year.

Section 12 of the Act authorises the Minister of Finance to approve the spending of public money or the incurring of expenses or liabilities in excess of or without appropriation by Parliament. This is subject to a limit for each Vote of 1% of all annual appropriations for that Vote. The approval must be given not later than 3 months after the end of the financial year concerned. Money spent and expenses and liabilities incurred under the approval must be confirmed in an Appropriation Bill for the next financial year.

Any spending of public money and any incurring of expenses or liabilities in excess of or without appropriation by Parliament and which is not approved by the Minister of Finance under section 12 is unlawful and requires validation by Parliament.

This Appropriation (1997/98 Financial Review) Bill—

- sanctions the Public Finance (Transfers Between Outputs) Order 1998 which was made under section 5 of the Public Finance Act 1989 (*clause 2*)
- confirms expenditure, expenses, and liabilities incurred for the 1997/98 financial year in excess of or without appropriation by Parliament but in accordance with the approval of the Minister of Finance under section 12 of that Act (*clause 3*)

- validates unappropriated expenditure and expenses incurred for the 1997/98 financial year (*clauses 4 to 8*)

Section 12 (3) of the Public Finance Act 1989 requires the Minister of Finance, on the introduction of this Bill, to table in Parliament a report setting out for each instance of unappropriated expenditure, expenses, or liabilities, the explanation of the Minister responsible for the financial performance of the department concerned.

Clause by Clause Analysis

Clause 1 is the Short Title clause.

Clause 2 sanctions the Public Finance (Transfers Between Outputs) Order 1998 (S.R. 1998/176). This order, which was made on 29 June 1998, directed that fiscally neutral transfers be made decreasing the amounts appropriated for 6 classes of outputs in 4 Votes and increasing the amounts appropriated for 9 classes of outputs in the same 4 Votes.

Clause 3 confirms the expenditure and the incurring of expenses and liabilities for the 1997/98 financial year in excess of or without appropriation by Parliament in accordance with the approval of the Minister of Finance under section 12 of the Public Finance Act 1989. There are 44 instances in 16 Votes administered by 13 departments of approved unappropriated expenditure, expenses, and liabilities. These are set out in the *Schedule* of the Bill.

Clause 4 validates unappropriated expenses of \$20,000 incurred by the Ministry of Agriculture and Forestry in excess of 2 amounts. These 2 amounts are the amount appropriated for the policy advice class of outputs in Vote Agriculture and Forestry for the 1997/98 financial year and the amount in excess of appropriation approved for that class of outputs by the Minister of Finance under section 12 of the Public Finance Act 1989.

Clause 5 validates unappropriated expenses of \$137,000 incurred by the Ministry of Agriculture and Forestry in excess of 2 amounts. These 2 amounts are the amount appropriated for the pest and disease emergency response capability class of outputs in Vote Biosecurity—Part 6 for the 1997/98 financial year and the amount in excess of appropriation approved for that class of outputs by the Minister of Finance under section 12 of the Public Finance Act 1989.

Clause 6 validates unappropriated expenses of \$70,000 incurred by the Ministry of Agriculture and Forestry in excess of 2 amounts. These 2 amounts are the amount appropriated for the control of tuberculosis vectors class of outputs in Vote Biosecurity—Part 6 for the 1997/98 financial year and the amount in excess of appropriation approved for that class of outputs by the Minister of Finance under section 12 of the Public Finance Act 1989.

Clause 7 validates unappropriated expenditure in respect of capital contributions of \$188,000 to the Ministry of Commerce in excess of the amount approved by the Minister of Finance under section 12 of the Public Finance Act 1989 for the increase in the Crown's net asset holding in the Ministry of Commerce as a result of the transfer of the net assets of the Government Superannuation Department to the Ministry of Commerce.

Clause 8 validates unappropriated expenses of \$13,000 incurred by the Police in excess of 2 amounts. These 2 amounts are the amount appropriated for the policing services—drugs and anti-social offences class of outputs in Vote Police for the 1997/98 financial year and the amount in excess of appropriation approved for that class of outputs by the Minister of Finance under section 12 of the Public Finance Act 1989.

Rt Hon W F Birch

APPROPRIATION (1997/98 FINANCIAL REVIEW)

ANALYSIS

Title	
1. Short Title	
2. Sanctioning of Order in Council directing transfer of resources between classes of outputs	
3. Confirmation of unappropriated expenditure, expenses, and liabilities approved by Minister of Finance	
4. Validation of unappropriated expenses incurred by Ministry of Agriculture and Forestry in respect of policy advice class of outputs	
5. Validation of unappropriated expenses incurred by Ministry of Agriculture and Forestry in respect of pest and disease emergency response capability class of outputs	
	6. Validation of unappropriated expenses incurred by Ministry of Agriculture and Forestry in respect of control of tuberculosis vectors class of outputs
	7. Validation of unappropriated expenditure in respect of capital contribution to Ministry of Commerce
	8. Validation of unappropriated expenses incurred by Police in respect of class of outputs

SCHEDULE

Unappropriated Expenditure, Expenses, and Liabilities for the Year Ended 30 June 1998
Confirmed

A BILL INTITULED

An Act to sanction, confirm, and validate financial matters relating to the financial year ended on 30 June 1998

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

1. Short Title—This Act may be cited as the Appropriation (1997/98 Financial Review) Act 1998.

2. Sanctioning of Order in Council directing transfer of resources between classes of outputs—The Public Finance (Transfers Between Outputs) Order 1998* is sanctioned.

*S.R. 1998/176

No. 236—1

3. Confirmation of unappropriated expenditure, expenses, and liabilities approved by Minister of Finance—(1) The expenditure and incurring of expenses and liabilities approved by the Minister of Finance under section 12 of the Public Finance Act 1989 for the financial year ended 30 June 1998 and described in subsections (2), (3), and (4) are confirmed.

(2) The expenditure referred to in subsection (1) is the expenditure without appropriation by Parliament on the capital contribution to a department shown in column 3 of the Schedule (the approved expenditure is shown in column 4 against the capital contribution for which approval was given).

(3) The expenses referred to in subsection (1) are the expenses incurred in excess of appropriation by Parliament on the classes of outputs, categories of benefit expenses, and categories of other expenses shown in column 3 of the Schedule (the approved expenses are shown in each case in column 5 against the class of outputs, the category of benefit expense, or the category of other expenses for which approval was given).

(4) The liabilities referred to in subsection (1) are the liabilities incurred in excess of appropriation by Parliament on the capital contributions to other persons or organisations shown in column 3 of the Schedule (the approved liabilities are shown in each case in column 6 against the capital contribution for which approval was given).

4. Validation of unappropriated expenses incurred by Ministry of Agriculture and Forestry in respect of policy advice class of outputs—(1) The incurring of expenses of \$20,000 by the Ministry of Agriculture and Forestry for the financial year ended 30 June 1998 in the circumstances set out in subsection (2) is validated.

(2) The circumstances were that,—

(a) For the year ended 30 June 1998, the Ministry of Agriculture and Forestry incurred expenses of \$7,659,000 against the appropriation for agriculture and forestry policy advice in Vote Agriculture and Forestry; and

(b) That amount exceeded by \$20,000 the aggregate of the following amounts for expenses to be incurred for that year by the Ministry of Agriculture and Forestry in respect of that class of outputs:

(i) The amount appropriated by Parliament:

(ii) The amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.

5. Validation of unappropriated expenses incurred by Ministry of Agriculture and Forestry in respect of pest and disease emergency response capability class of outputs—(1) The incurring of expenses of \$137,000 by the Ministry of Agriculture and Forestry for the financial year ended 30 June 1998 in the circumstances set out in subsection (2) is validated.

(2) The circumstances were that,—

(a) For the year ended 30 June 1998, the Ministry of Agriculture and Forestry incurred expenses of \$2,370,000 against the appropriation for pest and disease emergency response capability in Vote Biosecurity—Part 6; and

(b) That amount exceeded by \$137,000 the aggregate of the following amounts for expenses to be incurred for that year by the Ministry of Agriculture and Forestry in respect of that class of outputs:

(i) The amount appropriated by Parliament:

(ii) The amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.

6. Validation of unappropriated expenses incurred by Ministry of Agriculture and Forestry in respect of control of tuberculosis vectors class of outputs—(1) The incurring of expenses of \$70,000 by the Ministry of Agriculture and Forestry for the financial year ended 30 June 1998 in the circumstances set out in subsection (2) is validated.

(2) The circumstances were that,—

(a) For the year ended 30 June 1998, the Ministry of Agriculture and Forestry incurred expenses of \$10,366,000 against the appropriation for the control of tuberculosis vectors in Vote Biosecurity—Part 6; and

(b) That amount exceeded by \$70,000 the aggregate of the following amounts for expenses to be incurred for that year by the Ministry of Agriculture and Forestry in respect of that class of outputs:

(i) The amount appropriated by Parliament:

(ii) The amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.

7. Validation of unappropriated expenditure in respect of capital contribution to Ministry of Commerce—(1) The expenditure of \$188,000 on a capital contribution to the Ministry of Commerce for the financial year ended 30 June 1998 in the circumstances set out in subsection (2) is validated.

(2) The circumstances were that,—

(a) For the year ended 30 June 1998, a capital contribution of \$656,000 in Vote Commerce was made without appropriation by Parliament for the increase in the Crown's net asset holding in the Ministry of Commerce as a result of the transfer of the net assets of the Government Superannuation Department to the Ministry of Commerce; and

(b) That expenditure exceeded by \$188,000 the amount approved by the Minister of Finance under section 12 of the Public Finance Act 1989 for expenditure on a capital contribution to the Ministry of Commerce for that year.

8. Validation of unappropriated expenses incurred by Police in respect of class of outputs—(1) The incurring of expenses of \$13,000 by the Police for the financial year ended 30 June 1998 in the circumstances set out in subsection (2) is validated.

(2) The circumstances were that,—

(a) For the year ended 30 June 1998, the Police incurred expenses of \$81,502,000 against the appropriation for policing services—drugs and anti-social offences in Vote Police; and

(b) That amount exceeded by \$13,000 the aggregate of the following amounts for expenses to be incurred for that year by the Police in respect of that class of outputs:

(i) The amount appropriated by Parliament:

(ii) The amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.

SCHEDULE

Section 3

UNAPPROPRIATED EXPENDITURE, EXPENSES, AND LIABILITIES FOR THE YEAR ENDED
30 JUNE 1998 CONFIRMED

Column 1 Administering Department	Column 2 Vote	Column 3 Appropriation	Column 4 Public Money \$(000)	Column 5 Expenses \$(000)	Column 6 Liabilities \$(000)	
Ministry of Agriculture and Forestry	Agriculture and Forestry	<i>Departmental output classes—</i> Agriculture and Forestry Policy Advice		479		
		Development and Maintenance of Sanitary/Phytosanitary (SPS) Assurance and Related Standards		369		
		Contract and Grant Manage- ment		70		
	Biosecurity—Part 6	<i>Departmental output classes—</i> Pest and Disease Emergency Response Capability			66	
		Control of Tuberculosis Vectors			304	
Ministry of Commerce	Commerce	<i>Departmental output classes—</i> Registration and Granting of Intellectual Property Rights Registration of Statutory Infor- mation		21		
				67		
	Energy	<i>Capital contributions to the department—</i> Capital Investment	468			
Department of Conservation	Conservation	<i>Departmental output class—</i> Management of the Crown Mineral Estate		3		
		<i>Other expenses incurred by the Crown—</i> Lake Taupo Access Fee		47		
		Waikaremoana Lakebed Lease		56		
Department for Courts	Courts	<i>Departmental output classes—</i> Case Processing—Criminal Case Processing—Tribunals and Other Authorities Information, Licensing and Agency Services		1,135		
				272		
				426		
		<i>Other expenses to be incurred by the Crown—</i> Judicial Review Costs		57		
Crown Law Office	Attorney-General	<i>Departmental output class—</i> The Exercise of Principal Law Officer Functions		19		
Ministry of Education	Education	<i>Capital contributions to other per- sons or organisations—</i> Student Loans			30,097	

Appropriation (1997/98 Financial Review)

SCHEDULE—*continued*

UNAPPROPRIATED EXPENDITURE, EXPENSES, AND LIABILITIES FOR THE YEAR ENDED
30 JUNE 1998 CONFIRMED—*continued*

Column 1 Administering Department	Column 2 Vote	Column 3 Appropriation	Column 4 Public Money \$(000)	Column 5 Expenses \$(000)	Column 6 Liabilities \$(000)
Ministry for the Environment	Environment	<i>Other expenses to be incurred by the Crown—</i> Montreal Protocol on Ozone Protection		3	
Ministry of Foreign Affairs and Trade	Foreign Affairs and Trade	<i>Departmental output classes—</i> Management of New Zealand Official Development Assistance		383	
Inland Revenue Department	Revenue	<i>Departmental output classes—</i> Management of Overdue Tax and Returns Taxpayer audit		935 199	
New Zealand Defence Force	Defence Force	<i>Departmental output classes—</i> Naval Logistic Support Forces Army Ready Reaction Forces Special Forces Rotary Wing Transport Forces Miscellaneous Support Activities		323 2,261 91 326 700	
The Police	Police	<i>Departmental output classes—</i> Policing Support to the Community Policing Services—Violence and Sexual Offences Policing Services—Drugs and Anti-Social Offences Prosecution Services Policing Services—Incidents, Emergencies and Disasters Public Security Services Ministerial Services and Policy Advice		1,616 1,875 3,128 1,014 236 260 74	
Department of Social Welfare	Social Welfare	<i>Departmental output classes—</i> Public Awareness Services for the Well-being of Children, Young Persons and Their Families <i>Benefits and other unrequited expenses—</i> Accommodation Supplement Handicapped Child's Allowance Orphan's/Unsupported Child's Benefit Special Needs Grants Tenure Protection Allowance Training Incentive Allowance Transitional Retirement Benefit		576 2,963 44 23 93 53 280 235	

SCHEDULE—*continued*

UNAPPROPRIATED EXPENDITURE, EXPENSES, AND LIABILITIES FOR THE YEAR ENDED
30 JUNE 1998 CONFIRMED—*continued*

Column 1 Administering Department	Column 2 Vote	Column 3 Appropriation	Column 4 Public Money \$(000)	Column 5 Expenses \$(000)	Column 6 Liabilities \$(000)
Department of Social Wel- fare— <i>continued</i>		<i>Capital contributions to other per- sons or organisations—</i> Community Services Card Pay- ments ...			3
	War Pensions	<i>Benefits and other unrequited expenses—</i> War Disability Pensions ...		89	
The Treasury	Finance	<i>Other expenses to be incurred by the Crown—</i> Heaphy House Rental Pay- ments		80	