

APPROPRIATION (1998/99 FINANCIAL REVIEW) BILL

Government Bill

EXPLANATORY NOTE

General Policy Statement

It is a basic constitutional principle that the Government can spend public money 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 (1998/99 Financial Review) Bill—

- sanctions the Public Finance (Transfers Between Outputs) Order 1999 (S.R. 1999/206) which was made under section 5 of the Public Finance Act 1989 (*clause 4*)
- confirms expenses incurred for the 1998/99 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 5*)
- validates unappropriated expenses incurred for the 1998/99 financial year (*clauses 6 and 7*).

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 Title clause.

Clause 2 is the commencement clause.

Clause 3 is a purpose clause.

Clause 4 sanctions the Public Finance (Transfers Between Outputs) Order 1999 (S.R. 1999/206). This order, which was made on 28 June 1999, directed that fiscally neutral transfers be made decreasing the amounts appropriated for 6 classes of outputs in 5 Votes and increasing the amounts appropriated for 7 classes of outputs in the same 5 Votes.

Clause 5 confirms the incurring of expenses for the 1998/99 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 48 instances in 19 Votes administered by 16 departments of approved unappropriated expenses. These are set out in the *Schedule* of the Bill.

Clause 6 validates unappropriated expenses of \$40,000 incurred by the Ministry of Pacific Island Affairs in excess of the sum of 2 amounts. These 2 amounts are the amount appropriated for the policy advice class of outputs in Vote Pacific Island Affairs for the 1998/99 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 expenses of \$52,000 incurred by the Ministry of Women's Affairs in excess of the sum of 2 amounts. These 2 amounts are the amount appropriated for the communication and consultation class of outputs in Vote Women's Affairs for the 1998/99 financial year and the amount in excess of appropriation approved by the Minister of Finance under section 12 of the Public Finance Act 1989.

Hon Dr Michael Cullen

APPROPRIATION (1998/99 FINANCIAL REVIEW)

Government Bill

ANALYSIS

1. Title	7. Validation of unappropriated expenses incurred by Ministry of Women's Affairs in respect of communication and consultation class of outputs
2. Commencement	
3. Purpose	
4. Sanctioning of Order in Council directing transfer of resources between classes of outputs	
5. Confirmation of unappropriated expenses approved by Minister of Finance	
6. Validation of unappropriated expenses incurred by Ministry of Pacific Island Affairs in respect of policy advice class of outputs	

SCHEDULE

Unappropriated Expenses for the Year Ended 30 June 1999 Confirmed

The Parliament of New Zealand enacts as follows:

1. Title—This Act is the Appropriation (1998/99 Financial Review) Act 1999.

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

3. Purpose—This Act sanctions, confirms, and validates financial matters relating to the financial year ended on 30 June 1999.

4. Sanctioning of Order in Council directing transfer of resources between classes of outputs—The Public Finance (Transfers Between Outputs) Order 1999 (S.R. 1999/206) is sanctioned.

5. Confirmation of unappropriated expenses approved by Minister of Finance—(1) The incurring of expenses

approved by the Minister of Finance under section 12 of the Public Finance Act 1989 for the financial year ended 30 June 1999 and described in **subsection (2)** is confirmed.

(2) The expenses referred to in **subsection (1)** are the expenses incurred in excess of or without 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 4** of that schedule against the class of outputs, the category of benefit expense, or the category of other expenses for which approval was given).

6. Validation of unappropriated expenses incurred by Ministry of Pacific Island Affairs in respect of policy advice class of outputs—(1) The incurring of expenses of \$40,000 by the Ministry of Pacific Island Affairs for the financial year ended 30 June 1999 in the circumstances set out in **subsection (2)** is validated.

(2) The circumstances were that,—

- (a) For the year ended 30 June 1999, the Ministry of Pacific Island Affairs incurred expenses of \$2,126,000 against the appropriation for policy advice in Vote Pacific Island Affairs; and
- (b) That amount exceeded by \$40,000 the aggregate of the following amounts for expenses to be incurred for that year by the Ministry of Pacific Island Affairs 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 expenses incurred by Ministry of Women's Affairs in respect of communication and consultation class of outputs—(1) The incurring of expenses of \$52,000 by the Ministry of Women's Affairs for the financial year ended 30 June 1999 in the circumstances set out in **subsection (2)** is validated.

(2) The circumstances were that,—

- (a) For the year ended 30 June 1999, the Ministry of Women's Affairs incurred expenses of \$1,990,000 against the appropriation for communication and consultation in Vote Women's Affairs; and
- (b) That amount exceeded by \$52,000 the aggregate of the following amounts for expenses to be incurred for

that year by the Ministry of Women's Affairs 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.
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Section 5

SCHEDULE

UNAPPROPRIATED EXPENSES FOR THE YEAR ENDED 30 JUNE 1999 CONFIRMED

Column 1 Administering Department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)
Agriculture and Forestry	Agriculture and Forestry	<i>Departmental output classes (Mode B)—</i> Verification Services	977
		Contestable Quality Management Services <i>Departmental output class (Mode B)—</i> Border Inspection	74 594
Ministry of Commerce	Commerce	<i>Departmental output classes (Mode B)—</i> Registration and Granting of Intellectual Property Rights	32
		Registration and Provision of Statutory Information	126
Department of Conservation	Conservation	<i>Departmental output class (Mode B)—</i> Policy Advice—Communications	52
		<i>Other expenses to be incurred by the Crown—</i> Lake Taupo Access Fee	81
Department for Courts	Courts	<i>Departmental output class (Mode B)—</i> Case Processing—Criminal	352
Ministry of Education	Education	<i>Departmental output class (Mode B)—</i> Ministerial Services	25
		<i>Other expenses to be incurred by the Crown—</i> Primary Education	568
		Secondary Education	8,050
		Tertiary Education and Training— Restricted Specialist Training	1,768
Ministry of Health	Health	<i>Departmental output class (Mode B)—</i> Occupational Registration	2
Department of Internal Affairs	Internal Affairs	<i>Other expenses to be incurred by the Crown—</i> New Zealand Fire Service Commission	68
		Tourism <i>Other expenses to be incurred by the Crown—</i> Tourism Board of Directors	213
Ministry of Maori Development	Māori Affairs	<i>Departmental output class (Mode B)—</i> Policy Advice—Māori Education	26
New Zealand Defence Force	Defence Force	<i>Departmental output classes (Mode B)—</i> Military Policy Development, Co-ordina- tion and Advice	22
		Naval Logistic Support Forces	118
		Mine Counter Measures, Diving and Div- ing Support Forces	197
		Force Troops	1,201
		Army Ready Reaction Forces	1,438
		Army Training and Rotation Forces	1,467
		Miscellaneous Support Activities	312
		<i>Departmental output class (Mode B)—</i> Policy Advice	50
Ministry of Pacific Island Affairs	Pacific Island Affairs	<i>Departmental output class (Mode B)—</i> Policy Advice	50

SCHEDULE—continued

UNAPPROPRIATED EXPENSES FOR THE YEAR ENDED 30 JUNE 1999 CONFIRMED—continued

Column 1 Administering Department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)
Parliamentary Service	Parliamentary Service	<i>Other expenses to be incurred by the Crown—</i> Party and Member Support—Mana Wahine Te Ira Tangata ...	35
		Party and Member Support—Christian Heritage	33
The Police	Police	<i>Departmental output classes (Mode B)—</i> Policing Services—Violence and Sexual Offences	864
		Policing Services—Traffic Offences ...	1,386
		Policing Services—Incidents, Emergencies and Disasters	2,976
		Custodial Services and the Enforcement of Court Orders	19
		Public Security Services	2,633
		Ministerial Services and Policy Advice	60
		Statistics New Zealand	Statistics
The Treasury	Finance	<i>Other expenses to be incurred by the Crown—</i> Geothermal Trading	87
Ministry of Women's Affairs	Women's Affairs	<i>Departmental output class (Mode B)—</i> Communication and Consultation ...	56
Department of Work and Income	Work and Income	<i>Benefits and other unrequited expenses—</i> Accommodation Supplement ...	727
		Community Wage	985
		Domestic Purposes Benefit	110
		Handicapped Child Allowance	10
		Independent Youth Benefit	257
		Invalids Benefit	1,014
		Orphan's/Unsupported Child's Benefit	156
		Special Annuities	1
		Special Benefit	26
		Training Incentive Allowance	1,217
		Transitional Retirement Benefit	1,000
		Widows Benefit	61
		<i>Other expenses to be incurred by the Crown—</i> Suspensory Loan Abatement ...	656