

# **Appropriation (2000/01 Financial Review) Bill 2001**

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 an 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 Public Finance Act 1989 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 section 5 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 Public Finance Act 1989 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 the total amount appropriated for that Vote by all Appropriation Acts for that financial year. The approval must be given not later than 3 months

after the end of the financial year concerned. Money spent and the 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 and liabilities in excess of, or without, appropriation by Parliament and that is not approved by the Minister of Finance under section 12 is unlawful and requires validation by Parliament.

This Appropriation Bill—

- sanctions the Public Finance (Transfers Between Outputs) Order 2001 (SR 2001/142), which was made under section 5 of the Public Finance Act 1989 (*clause 5*);
- confirms expenses and liabilities incurred for the 2000/01 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 the Public Finance Act 1989 (*clause 6*);
- validates unappropriated expenses incurred for the 2000/01 financial year (*clauses 7 to 9*).

Section 12(3) of the Public Finance Act 1989 requires the Minister of Finance, on the introduction of this Bill, to lay before the House of Representatives 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* states that the Bill comes into force on the day after the date of assent.

*Clause 3* states that the purpose of the Bill is to sanction, confirm, and validate financial matters relating to the financial year ended on 30 June 2001.

*Clause 4* is an interpretation clause.

*Clause 5* sanctions the Public Finance (Transfers Between Outputs) Order 2001 (SR 2001/142). That Order, which came into force on 30 June 2001, directed that fiscally neutral transfers be made decreasing the amounts appropriated for 9 classes of outputs in

5 Votes and increasing the amounts appropriated for 17 classes of outputs in the same 5 Votes.

*Clause 6* confirms the incurring of expenses and liabilities for the 2000/01 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 59 instances in 16 Votes administered by 13 departments of approved unappropriated expenses and liabilities. These are set out in the *Schedule* of the Bill.

*Clause 7* validates unappropriated expenses of \$277,000 incurred by the Audit Office in excess of the amount appropriated for the Provision of Non-contested Audit Services class of outputs in Vote Audit for the 2000/01 financial year.

*Clause 8* validates unappropriated expenses of \$134,000 incurred by the Crown Law Office in excess of the amount appropriated for the Supervision and Conduct of Crown Prosecutions class of outputs in Vote Attorney-General for the 2000/01 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 9* validates unappropriated expenses of \$73,000 incurred by the New Zealand Security Intelligence Service in excess of the amount appropriated for the Security Intelligence class of outputs in Vote Security Intelligence for the 2000/01 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.

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*Hon Dr Michael Cullen*

# **Appropriation (2000/01 Financial Review) Bill 2001**

## **Government Bill**

### **Contents**

1	Title	9	Validation of unappropriated expenses incurred by New Zealand Security Intelligence Service in respect of Security Intelligence class of output in Vote Security Intelligence
2	Commencement		
3	Purpose		
4	Interpretation		
5	Sanctioning of Order in Council directing transfer of resources between classes of outputs		
6	Confirmation of unappropriated expenses and liabilities approved by Minister of Finance		
7	Validation of unappropriated expenses incurred by Audit Office in respect of Provision of Non-contested Audit Services class of output in Vote Audit		
8	Validation of unappropriated expenses incurred by Crown Law Office in respect of Supervision and Conduct of Crown Prosecutions class of output in Vote Attorney-General		

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**Schedule**  
**Unappropriated expenses and liabilities**  
**for the year ended 30 June**  
**2001 confirmed**

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

- 1 Title**  
This Act is the Appropriation (2000/01 Financial Review) Act **2001**.
- 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 2001.

**4 Interpretation**

In this Act, unless the context otherwise requires, the terms **capital contribution, class of outputs, expenses, financial year, liability, Mode B, other expenses, outputs, and Vote** have the meanings given them by section 2(1) of the Public Finance Act 1989.

**5 Sanctioning of Order in Council directing transfer of resources between classes of outputs**

The Public Finance (Transfers Between Outputs) Order 2001 (SR 2001/142) is sanctioned.

**6 Confirmation of unappropriated expenses and liabilities approved by Minister of Finance**

- (1) The 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 2001 and described in **subsections (2) and (3)** is confirmed.
- (2) The expenses and liabilities are the expenses and liabilities incurred in excess of, or without, appropriation by Parliament on the classes of outputs, categories of benefit expenses, categories of other expenses, and categories of capital contributions to other persons or organisations shown in column 3 of the **Schedule**.
- (3) The approved expenses are shown in each case in column 4 of the **Schedule** against the class of outputs, the category of benefit expense, or the category of other expense for which the approval was given, and the approved liabilities are shown in each case in column 5 of the **Schedule** against the category of capital contribution for which the approval was given.

**7 Validation of unappropriated expenses incurred by  
Audit Office in respect of Provision of Non-contested  
Audit Services class of output in Vote Audit**

- (1) The incurring of expenses of \$277,000 by the Audit Office for the financial year ended 30 June 2001 in the circumstances set out in **subsection (2)** is validated.
- (2) The circumstances were that,—
  - (a) for the year ended 30 June 2001, the Audit Office incurred expenses of \$6,062,000 against the appropriation for the class of output Provision of Non-contested Audit Services in Vote Audit; and
  - (b) that amount exceeded by \$277,000 the amount appropriated by Parliament for expenses to be incurred for that year by the Audit Office on that class of output.

**8 Validation of unappropriated expenses incurred by  
Crown Law Office in respect of Supervision and  
Conduct of Crown Prosecutions class of output in Vote  
Attorney-General**

- (1) The incurring of expenses of \$134,000 by the Crown Law Office for the financial year ended 30 June 2001 in the circumstances set out in **subsection (2)** is validated.
- (2) The circumstances were that,—
  - (a) for the year ended 30 June 2001, the Crown Law Office incurred expenses of \$22,395,000 against the appropriation for the class of output Supervision and Conduct of Crown Prosecutions in Vote Attorney-General; and
  - (b) that amount exceeded by \$134,000 the aggregate of the following amounts for expenses to be incurred for that year by the Crown Law Office on that class of output:
    - (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.

- 9 Validation of unappropriated expenses incurred by New Zealand Security Intelligence Service in respect of Security Intelligence class of output in Vote Security Intelligence**
- (1) The incurring of expenses of \$73,000 by the New Zealand Security Intelligence Service for the financial year ended 30 June 2001 in the circumstances set out in **subsection (2)** is validated.
- (2) The circumstances were that,—
- (a) for the year ended 30 June 2001, the New Zealand Security Intelligence Service incurred expenses of \$11,690,000 against the appropriation for the class of output Security Intelligence in Vote Security Intelligence; and
- (b) that amount exceeded by \$73,000 the aggregate of the following amounts for expenses to be incurred for that year by the New Zealand Security Intelligence Service on that class of output:
- (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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**Schedule** s 6(2), (3)  
**Unappropriated expenses and liabilities for the year ended**  
**30 June 2001 confirmed**

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)	Column 5 Liabilities \$(000)
Ministry of Agriculture and Forestry	Agriculture and Forestry	<i>Departmental output class (Mode B)—</i> Contestable Services	52	
Department for Courts	Courts	<i>Departmental output class (Mode B)—</i> Collection or Enforcement of Fines and Civil Debts	349	
		<i>Other expenses to be incurred by the Crown—</i> Witness Fees and Expenses	222	
		Youth Court Professional Fees	53	
Crown Law Office	Attorney-General	<i>Departmental output classes (Mode B)—</i> Legal Advice and Representation	252	
		Supervision and Conduct of Crown Prosecutions	128	
Ministry of Education	Education	<i>Departmental output classes (Mode B)—</i> Purchasing of Services on Behalf of the Crown	5	
		Provision of Teacher and Caretaker Housing	61	
		<i>Non-departmental output class—</i> School Transport	1,854	
		<i>Other expenses to be incurred by the Crown—</i> Integrated Schools Property	632	
		School Transport	23	
		<i>Capital contribution to other persons or organisations—</i> Wanganui Regional Polytechnic		1,315
Ministry for the Environment	Environment	<i>Other expenses to be incurred by the Crown—</i> Marlborough Fires	21	
Ministry of Health	Health	<i>Non-departmental output classes—</i> Personal Health Services: Northern	24,952	
		Personal Health Services: Midland	10,319	
		Personal Health Services: Central	11,462	
		Personal Health Services: Southern	16,958	
		Disability Support Services: Northern	1,155	
		Disability Support Services: Midland	1,197	



## Unappropriated expenses and liabilities for the year ended 30 June 2001 confirmed—continued

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)	Column 5 Liabilities \$(000)
Department of Labour	Immigration	<i>Departmental output classes (Mode B)—</i>		
		Visa and Permit Management	769	
		Refugee Services		41
	Labour	<i>Departmental output class (Mode B)—</i>		
		Support Services—Industrial Relations Institutions		62
New Zealand Defence Force	Defence Force	<i>Departmental output classes (Mode B)—</i>		
		Naval Combat Forces	2,160	
		Land Combat Forces	79	
		Air Combat Forces	1,941	
		Fixed Wing Transport Forces	856	
		Miscellaneous Support Activities		81
	Veterans' Affairs	<i>Departmental output class (Mode B)—</i>		
		Policy, Assessment and Administration		39
New Zealand Security Intelligence Service	Security Intelligence	<i>Departmental output class (Mode B)—</i>		
		Security Intelligence		115
Ministry of Pacific Island Affairs	Pacific Island Affairs	<i>Departmental output class (Mode B)—</i>		
		Policy Advice		20
The Police	Police	<i>Departmental output classes (Mode B)—</i>		
		Policing Support to the Community through Partnerships, Education, Crime Prevention and Youth Programmes		2,361
		Directed Patrol Activities		18
		Case Management		6
		Case Resolution		1,643
		Enforcement of Court Orders		96
		Custodial and Escort Services		10
		Public and Personal Security		1,835
		Vetting and Firearms Licensing		829
		Lost and Found Property		396
		Traffic Management Services		320
State Services Commission	State Services	<i>Departmental output classes (Mode B)—</i>		
		Public Service Chief Executive Management		31
		Electronic Government Development and Coordination		42

## Unappropriated expenses and liabilities for the year ended 30 June 2001 confirmed—continued

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Expenses \$(000)	Column 5 Liabilities \$(000)	
Department of Work and Income	Work and Income	<i>Benefits and other unrequited expenses—</i>			
		Benefits Paid in Australia	1,636		
		Childcare Subsidy	153		
		Community Wage	12,958		
		Disability Allowance	840		
		Disability Allowance Telephone Support	119		
		Domestic Purposes Benefit	9,605		
		Independent Youth Benefit	28		
		Invalid's Benefit	2,619		
		New Zealand Superannuation	235		
		Orphan's/Unsupported Child's Benefit	58		
		Special Annuities	1		
		Transitional Retirement Benefit	13		
		Widow's Benefit	538		
			<i>Capital contribution to other persons or organisations—</i>		
			Recoverable Assistance		366
		Veterans' Affairs	<i>Benefits and other unrequited expenses—</i>		
	Medical Treatment		275		
	Veterans' Pension		131		
		War Disability Pensions	181		