

# **Imprest Supply (First for 2003/04) 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 2003/04 financial year until the Appropriation (2003/04 Estimates) Bill is passed. The amounts this Bill seeks are sufficient to provide supply to the end of August 2003.

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 one-sixth of the relevant annual appropriations included in the 2003/04 Estimates, adjusted for uneven timing, plus a general contingency provision to cover risks that may eventuate.

The authority sought for public money, expenses, and liabilities in this Imprest Supply Bill is less than that sought in the corresponding Bill last year, as the authority is for 2 months compared with 5 months last year. The corresponding Bill last year provided authority for sufficient supply during the period of the 2003 General Election, which delayed the passing of the Appropriation (2002/03 Estimates) Bill. This year's Bill provides authority for sufficient supply for 2 months, which is the usual period covered by the first Imprest Supply Bill.

The authority sought this year includes funding for—

- Air New Zealand equity:
- childhood education grants:
- defence equipment:
- housing subsidies:
- Maui Gas contracts:
- Transmission Holdings Limited equity:
- recapitalisation of Tranz Rail Limited.

### Clause by clause analysis

*Clause 1* is the Title clause.

*Clause 2* states that the Bill comes into force on **1 July 2003**.

*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 \$100 million of public money in advance of appropriation. This amount has been calculated as follows:

Total annual public money appropriations (2003/04 Estimates)	\$553 million
One-sixth of total annual public money appropriations	\$92 million
Allowance for uneven timing	nil

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General contingency provision to ensure continuous supply in the event of risks eventuating	\$8 million
Total imprest for public money	\$100 million

*Clause 6* seeks authority to incur expenses of \$8,000 million in advance of appropriation. This amount has been calculated as follows:

Total annual expense appropriations (2003/04 Estimates)	\$39,709 million
One-sixth of total annual expense appropriations	\$6,618 million
Allowance for uneven timing	\$429 million
General contingency provision to ensure continuous supply in the event of risks eventuating	\$953 million
Total imprest for expenses	\$8,000 million

*Clause 7* seeks to incur liabilities of \$2,000 million in advance of appropriation. This amount has been calculated as follows:

Total annual liabilities appropriations (2003/04)	\$7,093 million
One-sixth of total annual liabilities appropriations	\$1,182 million
Allowance for uneven timing	\$552 million
General contingency provision to ensure continuous supply in the event of risks eventuating	\$266 million
Total imprest for liabilities	\$2,000 million

*Clause 8* provides that all public money spent and expenses and liabilities incurred, under *clauses 5, 6, and 7*, must be charged against appropriations in an Appropriation Act for the 2003/04 year. Appropriations for amounts included in this Bill will be sought in the Appropriation (2003/04 Estimates) Bill.

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*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 2003/04) Act **2003**.

**2 Commencement**

This Act comes into force on **1 July 2003**.

**3 Expiry**

This Act expires on the coming into force of the first Appropriation Act for the 2003/04 year.

**4 Interpretation**

In this Act, unless the context otherwise requires,—

**2003/04 year** means the financial year ending with 30 June 2004

**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 2003/04 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 2003/04 year must not exceed in the aggregate the sum of \$100 million.

## **6 Authority to incur expenses**

- (1) Expenses may, during the 2003/04 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Expenses incurred under **subsection (1)** during the 2003/04 year must not exceed in the aggregate the sum of \$8,000 million.
- (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 2003/04 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Liabilities incurred under **subsection (1)** during the 2003/04 year must not exceed in the aggregate the sum of \$2,000 million.
- (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 2003/04 year and, until the coming into force of the Appropriation Act in which that manner is specified, may be spent or incurred during the 2003/04 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.