

HOUSE OF REPRESENTATIVES



Supplementary Order Paper

Thursday, 19 June 1997

APPROPRIATION (1996/97 SUPPLEMENTARY ESTIMATES) BILL

Proposed Amendments

Hon WINSTON PETERS, in Committee, to move the following amendments:

Clause 6: To add to subclause (1) (which appears on page 4) the following paragraph:

(e) The category of other expenses set out in column 4 of **Schedule 1A.**

To insert in subclause (4) (which appears on page 4), immediately before the expression "subsection (1)", the expression "paragraphs (a) to (d) of".

To add on page 4, as subclause (5), the following subclause:

(5) The expenses to which **subsection (1) (e)** relates are appropriated for the category of other expenses against which the amount of expenses is shown in **column 5 of Schedule 1A.**

New Schedule 1A: To insert on page 30, after *Schedule 1*, the following Schedule:

Section 6

SCHEDULE 1A
APPROPRIATION OF EXPENSES FOR THE YEAR 1996/97

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
<i>Vote</i>	<i>Minister responsible for Vote</i>	<i>Department administering Vote</i>	<i>Appropriation</i>	<i>Expenses (\$000)</i>	<i>Purpose of appropriation</i>
Finance	Minister of Finance	Treasury	<i>Other expenses to be incurred by the Crown— Maui Gas Contracts</i>	420,000	To provide for payments to the Maui Mining Companies for gas received under the Maui gas contracts. The gas is on-sold by the Crown, and receipts from the Downstream Gas Users are recorded as non-tax revenue.

EXPLANATORY NOTE

This Supplementary Order Paper proposes to amend the Appropriation (1996/97 Supplementary Estimates) Bill to provide an appropriation for expenses incurred by the Crown in relation to the Maui gas contracts.

Under the Maui gas contracts, the Crown purchases and on-sells gas. Since 1990, a Crown agent has managed the receipts and payments associated with the contracts, and a non-government bank account has been used for this purpose. The recent need to appoint a new Crown agent has revealed that these arrangements do not comply with the requirements of the Public Finance Act 1989 in 2 respects.

First, money received under the contracts from Downstream Gas Users (DGUs) must be deposited into a Crown Revenue Bank Account, and money paid under the contracts to the Maui Mining Companies (MMCs) must be paid out of a Crown Payments Bank Account. Changes to banking procedures will be put in place to ensure compliance with this requirement.

Second, section 4 of the Public Finance Act 1989 provides that the Crown may not incur an expense or a liability other than in accordance with an appropriation. Compliance with this provision requires that an appropriation be made for the payments made by the Crown to the MMCs under the Maui gas contracts.

This Supplementary Order Paper seeks a new appropriation in Vote Finance for the 1996/97 financial year to authorise the payments that the Crown is contractually obliged to make to the MMCs under the Maui gas contracts. The payments to the MMCs are offset by receipts from the DGUs, and there is therefore no impact on the operating balance of the Crown.