



What is changing in the Public Finance Act?

Multi-category appropriations

July 2013



What are multi-category appropriations?

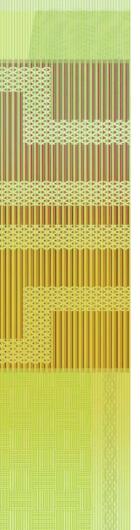
- A new type of appropriation consisting of 2 or more categories of:
 - Output expenses (departmental & nondepartmental)
 - Other expenses (departmental & non-departmental)
 - Capital expenditure (non-departmental only)



Why multi-category appropriations?

 Greater flexibility to allocate resources to where they can best contribute to a purpose/result, while retaining transparency of both what has been delivered and expenditure at the category level

 Support a focus on a common purpose/result (and in doing so, reducing compliance and transaction costs of related fiscally neutral transfers)



Key features

At the multi-category appropriation (MCA) level:

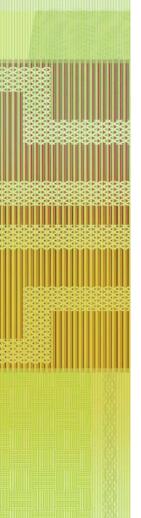
- An overarching purpose statement
- The amount of the MCA
- What is intended to be achieved with the MCA

At the category level:

- The scope of the category
- Projected expenditure
- What is intended to be achieved with the category

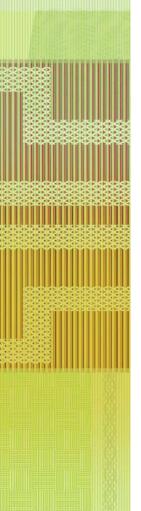
How key features may appear in Estimates

		2010/11		2011/12*]
STATE STATE	Titles and scopes of Appropriations by Appropriation Type	Budgeted \$000	Estimated Actual \$000		What is intended to be achieved with expenditure from this appropriation?
	Multi-Category Appropriation Title (M number) Multi Category Appropriation purpose statement	100	90	100*	with the MCA as a whole.
	Departmental Output Expenses				
	Title Scope statement*	25	30	40	with this category of the MCA.
	Non-Departmental Other Expenses				
	Title Scope statement*	25	15	15	with this category of the MCA.
	Non-Departmental Capital Expenditure				
	Title Scope statement*	25	30	30	with this category of the MCA.



Other requirements

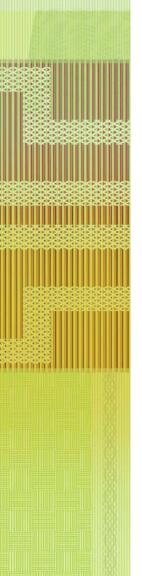
- A single category must not include both departmental and non-departmental expenses
- All categories within an MCA (including categories added subsequently) must contribute to the single overarching purpose
- The scope of the MCA is the scope of each of the individual categories included in the MCA
- An MCA requires the Minister of Finance's approval
- Any restrictions on ability to transfer funding between categories should be agreed at this point



How MCA differs from MCOA

 Can include other expenses and nondepartmental capital expenditure as well as output expenses

 BUT "contribute to a single overarching purpose", not simply "explain why those classes of outputs have been grouped under that one appropriation"



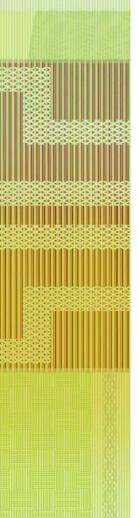
Responsibilities and reporting

- As for all other appropriations, a single Minister (appropriation Minister) will be responsible for an MCA
- One department (appropriation administrator) will administer the MCA
- Appropriation administrator is responsible for end-of-year reporting on what has been achieved with the MCA as a whole and with each category of the MCA



MCAs in 2013/14

- MCAs are being developed on a selective basis for implementation during 2013/14
- The lessons the Treasury learns from working with those departments that implement MCAs during 2013/14 will be used to inform guidance for other departments



What happens to existing MCOAs?

- Multi-category output expenses appropriations (MCOAs) will not exist after 2013/14
- Recently-established policy advice MCOAs will be lightly reviewed to transition to MCAs
- Other MCOAs will need to be reviewed to assess whether they have a single overarching purpose that will enable transition to an MCA