

Introduction

Purpose of *Information Supporting the Estimates*

The *Information Supporting the Estimates* provides members of Parliament with information on expected performance to:

- support their examination of the appropriations and other authorities requested by the Government in the first Appropriation Bill for the forthcoming financial year, and
- provide a basis against which they can later assess the actual performance of each individual department and Office of Parliament over that financial year.

The *Information Supporting the Estimates* is organised into 10 volumes by sector, each of which covers one or more Votes. The scope of each sector and the allocation of Votes to a sector reflect a balancing of three desired characteristics - namely that each volume should, where possible:

- reflect natural sectors
- keep together Votes administered by the same department, and
- keep together Votes allocated to a particular select committee of the House of Representatives for examination.

The number of sectors and coverage of each sector was set in consultation with the Finance and Expenditure Committee. The 10 sectors are:

- Economic Development and Infrastructure Sector
- Education and Science Sector
- Environment Sector
- External Sector
- Finance and Government Administration Sector
- Health Sector
- Justice Sector
- Māori, Other Populations and Cultural Sector
- Primary Sector
- Social Development and Housing Sector.

As allowed by the amendment made in 2004 to the definition of “Vote” in section 2 of the Public Finance Act 1989 (PFA), the number of Votes has been reduced from 69 to 58 for 2012/13. The former Vote Agriculture and Forestry, Vote Biosecurity and Vote Fisheries have been merged into the new Vote Primary Industries (Primary Sector). The former Vote Climate Change has been merged into Vote Environment (Environment Sector). The former Vote Community and Voluntary Sector, Vote Emergency Management Office, Vote Local Government, Vote Ministerial Services, Vote National Archives, Vote National Library and Vote Racing have been merged into Vote Internal Affairs (Māori, Other Populations and Cultural Sector). The former Vote Youth Development has been merged into Vote Social Development (Social Development and Housing Sector).

Votes and Departments in Each Sector

Votes by Sector	Departments by Sector
Economic Development and Infrastructure Sector - B.5A Vol.1	
Vote Economic Development	Ministry of Economic Development
Vote Commerce	
Vote Communications	
Vote Consumer Affairs	
Vote Energy	
Vote Tourism	
Vote Canterbury Earthquake Recovery	Canterbury Earthquake Recovery Authority
Vote Transport	Ministry of Transport
Vote Labour	Department of Labour
Vote ACC	
Vote Employment	
Vote Immigration	
Education and Science Sector - B.5A Vol.2	
Vote Education	Ministry of Education
Vote Tertiary Education	
Vote Education Review Office	Education Review Office
Vote Science and Innovation	Ministry of Science and Innovation
Environment Sector - B.5A Vol.3	
Vote Environment	Ministry for the Environment
Vote Conservation	Department of Conservation
Vote Parliamentary Commissioner for the Environment	Parliamentary Commissioner for the Environment
External Sector - B.5A Vol.4	
Vote Foreign Affairs and Trade	Ministry of Foreign Affairs and Trade
Vote Official Development Assistance	
Vote Defence	Ministry of Defence
Vote Defence Force	New Zealand Defence Force
Vote Veterans' Affairs - Defence Force	
Vote Customs	New Zealand Customs Service
Finance and Government Administration Sector - B.5A Vol.5	
Vote Prime Minister and Cabinet	Department of the Prime Minister and Cabinet
Vote Communications Security and Intelligence	Government Communications Security Bureau
Vote Security Intelligence	New Zealand Security Intelligence Service
Vote State Services	State Services Commission
Vote Finance	The Treasury
Vote Revenue	Inland Revenue Department
Vote Office of the Clerk	Office of the Clerk of the House of Representatives
Vote Parliamentary Service	Parliamentary Service
Vote Audit	Controller and Auditor-General
Vote Ombudsmen	Office of the Ombudsmen

Votes by Sector	Departments by Sector
Health Sector - B.5A Vol.6	
Vote Health	Ministry of Health
Justice Sector - B.5A Vol.7	
Vote Justice	Ministry of Justice
Vote Courts	
Vote Corrections	Department of Corrections
Vote Police	New Zealand Police
Vote Serious Fraud	Serious Fraud Office
Vote Attorney-General	Crown Law Office
Vote Parliamentary Counsel	Parliamentary Counsel Office
Māori, Other Populations and Cultural Sector - B.5A Vol.8	
Vote Māori Affairs	Te Puni Kōkiri
Vote Treaty Negotiations (this Vote is administered by the Ministry of Justice, which is in the Justice Sector)	
Vote Pacific Island Affairs	Ministry of Pacific Island Affairs
Vote Women's Affairs	Ministry of Women's Affairs
Vote Statistics	Statistics New Zealand
Vote Internal Affairs	Department of Internal Affairs
Vote Arts, Culture and Heritage	Ministry for Culture and Heritage
Vote Sport and Recreation	
Primary Sector - B.5A Vol.9	
Vote Primary Industries	Ministry for Primary Industries
Vote Food Safety	
Vote Lands	Land Information New Zealand
Social Development and Housing Sector - B.5A Vol.10	
Vote Social Development	Ministry of Social Development
Vote Senior Citizens	
Vote Veterans' Affairs - Social Development	
Vote Housing	Department of Building and Housing

Relationship to Other Documents

The chart on the following two pages shows how the Information Supporting the Estimates relates to information in other documents presented prior to the start of the financial year and to annual reports presented after the end of the financial year.

Other documents presented to the House prior to or near the start of a financial year are:

- The **Estimates of Appropriations** [B.5] which is presented on Budget day and is a single volume setting out details for all Votes of the individual appropriations including the type, amount, scope and period of each appropriation.
- Each **department's statement of intent** which is attached to the relevant sector volume of the Information Supporting the Estimates [B.5A Vol.1-Vol.10] presented on Budget day and sets out the department's future operating intentions for at least the next three financial years.
- Each **Crown entity's statement of intent** which is presented shortly after Budget day and sets out the Crown entity's future operating intentions for at least the next three financial years.

Annual reports presented to the House after the end of a financial year are:

- Each **department's annual report and financial statements** which is presented 3-4 months after the end of the financial year and includes reporting on:
 - the services provided from each departmental output expense appropriation compared with what was forecast to be provided, and
 - the actual expenses or capital expenditure incurred against each appropriation (and each component output class in a multi-class output appropriation) administered by the department.
- Each **Crown entity's annual report and financial statements** which is presented 4-5 months after the end of the financial year and includes reporting on the services supplied by the Crown entity that have been funded by the government compared with what was forecast to be provided.
- **Ministers' reports under section 32A of the Public Finance Act** which are presented 3 months after the end of the financial year and report on significant non-departmental appropriations where the services provided or results achieved with the expenditure authorised by the appropriation are not reported in a department's or Crown entity's annual report because the services have been provided or the funding used by a body that is not a department or Crown entity.

The chart on the next two pages shows how the Information Supporting the Estimates relates to each type of appropriation in the Estimates, to the information in statements of intent presented to the House prior to the start of a financial year, and to the annual reports presented to the House after the end of that financial year.

How the Appropriations in the Estimates Relate to the Budget Day or Near the Start of a Financial Year and to the

	Departmental Output Expenses (DOE)	Non-Departmental Output Expenses (NDOE)	Benefits and Other Unrequited Expenses (BOUE)	Borrowing Expenses
Estimates	Amount, scope and period of appropriation(s) for services to be supplied by the department which administers the Vote – in every Vote except those administered by intelligence and security departments.	Amount, scope and period of appropriation(s) for services to be purchased by the Crown from Crown entities or other third parties – in less than half of all Votes.	Amount and scope of appropriations for benefits and other unrequited expenses – in only a small number of Votes.	Amount and scope of appropriations for borrowing expenses – usually only in Vote Finance and Vote Revenue.
Information Supporting the Estimates	Part 2.1 for each Vote provides information on the intended impacts, outcomes or objectives of, and the nature and standard of the services expected to be provided from, DOE appropriations.	Part 2.2 provides information on the intended impacts, outcomes or objectives of, and the nature and standard of the services expected to be purchased from, NDOE appropriations plus a summary of service providers.	Part 3.2 provides information on the intended impacts, outcomes or objectives of BOUE appropriations and the conditions on their use.	Part 4.2 provides information on the intended impacts, outcomes or objectives of departmental other expense appropriations.
Agency's Statement of Intent (Sol)	Department's Sol provides information on the functions, intended operations and objectives of the department providing the services funded by these DOE appropriations.	Where service provider is a Crown entity , its Sol provides information on its functions, intended operations and objectives. For other providers none	None	None
Annual Report	Department's annual report includes: <ul style="list-style-type: none"> Actual services provided from each DOE appropriation compared with what was forecast to be provided. Actual expenditure incurred against each appropriation administered by the department. 	Where service provider is a Crown entity , its annual report reports actual services purchased from NDOE appropriations. For other providers where amount is significant, actual services purchased are reported by Minister responsible for appropriation in report under s32A of PFA.	Annual report of department administering these appropriations reports actual expenditure incurred against each BOUE appropriation.	Annual report of department administering these appropriations reports actual expenditure incurred against each borrowing expense appropriation.

Information in Associated Documents Presented on Annual Reports Presented After the End of that Financial Year

Departmental Other Expenses	Non-Departmental Other Expenses	Departmental Capital Expenditure	Non-Departmental Capital Expenditure	Expenses or Capital Expenditure incurred by an Intelligence and Security Department
Amount and scope of appropriations for operating expenses incurred by a department that are not output expenses – rare.	Amount, scope and period of appropriations for non-departmental operating expenses that are not output, BOUE, or borrowing expenses – in many Votes.	Amount and scope of appropriation for capital expenditure to be incurred by a department – a PLA under section 24 of the Public Finance Act – in Vote of the Minister responsible for a department's financial performance.	Amount, scope and period of appropriations for capital expenditure to be incurred on acquiring or developing a non-departmental asset or investing in a Crown entity or other third party – in less than half of all Votes.	Amount and scope of the single appropriation administered by an intelligence and security (I&S) department.
Part 5.1 provides information on the intended impacts, outcomes or objectives of non-departmental other expense appropriations.	Part 5.2 provides information on the intended impacts, outcomes or objectives of non-departmental other expense appropriations, the results expected from them, and the conditions on their use.	Part 6.1 provides information on the intended impacts, outcomes or objectives of departmental capital expenditure.	Part 6.2 provides information on the intended impacts, outcomes or objectives of non-departmental capital expenditure appropriations and the results expected from them.	Part 1.3 only, which provides information on actual expenditure for previous financial years and forecast expenditure for future financial years.
Where departmental other expenses relate to major departmental restructuring, department's Sol should provide information about this.	None	Department's Sol provides information on the future operating intentions of the department, including on the department's capability to perform its functions.	For capital investment in a Crown entity , its Sol provides information on expected results from that investment.	For other capital investment, none An I&S department's Sol is not required to include a statement of forecast service performance, nor to be presented to the House or published.
Annual report of department reports actual expenditure incurred against each departmental other expense appropriation.	Where expenditure by Crown entity, results achieved reported in Crown entity's annual report . In other cases where amount of a non-departmental other expense is significant, results achieved reported by Minister responsible for appropriation in report under section 32A of PFA .	Department's annual report reports on department's performance during financial year, including capital expenditure it has incurred.	Where investment in Crown entity, results achieved reported in Crown entity's annual report . In other cases where amount of non-departmental capital expenditure is significant, results achieved reported by Minister responsible for appropriation in report under section 32A of PFA .	Annual reports of I&S departments presented to the House under section 4J(3) of the NZSIS Act 1969 or section 12(3) of the GCSB Act 2003 include actual expenditure incurred against appropriation but not statement of service performance.

Purpose and Nature of Appropriations

An appropriation is a statutory authority from Parliament allowing the Crown or an Office of Parliament to incur expenses or capital expenditure.

Neither the Crown nor an Office of Parliament can legally incur any expense or capital expenditure - as those terms are defined in the PFA - unless it is expressly authorised by or under an Act of Parliament.

Limits Created by Appropriations

Each appropriation is allocated to, and managed as, one of six **types** of appropriation.

Each appropriation has a defined **scope** that limits the uses or activities for which the expenses or capital expenditure can be incurred. The scope should be sufficient on its own to establish the nature and extent of the authority to incur expenses or capital expenditure. The wording of the appropriation scope should achieve the balance between being sufficiently precise to act as an effective constraint against non-authorised activities and not so specific that it inadvertently limits activity intended to be authorised.

In most cases an appropriation also limits the **amount** of expenses or capital expenditure that can be incurred, and the time **period** within which those expenses or capital expenditure can be incurred.

Aside from the very limited exclusions provided for in the PFA, the amount of expense or capital expenditure authorised by an appropriation is measured in accordance with generally accepted accounting practice.

Responsibility for Appropriations

Each appropriation is the responsibility of a designated Minister, who controls the right to use that appropriation within the limits authorised by Parliament. A department is also assigned to administer that appropriation in accordance with the Minister's wishes concerning its use.

A Vote is a group of appropriations (and can be a single appropriation) administered by a single department. Different appropriations within a Vote may be the responsibility of different Ministers.

Frequently Asked Questions

Question: Where do I find out what is to be achieved with the resources voted for each appropriation in a Vote?

Answer: In Parts 2-6 for that Vote of the relevant sector volume of the *Information Supporting the Estimates* [B.5A Vol.1-Vol.10].

Question: If the structure of appropriations in a Vote has changed since last year, how do I find out how the amount being sought for this year for each appropriation relates to what was appropriated last year?

Answer: Part 1.4 of the *Information Supporting the Estimates* for the Vote concerned should contain a table showing how the structural change impacts on the amount of each of last year's appropriations affected by the change, to provide a comparison for this year. This table should be accompanied by a narrative explanation of the change.

Types of Appropriation

The PFA provides for six types of appropriation. Four appropriation types authorise the incurring of expenses; one type authorises the incurring of capital expenditure; and the remaining type authorises both.

These appropriation types can be further differentiated by whether the expenses or capital expenditure are departmental or non-departmental transactions.

Appropriation Type	Transaction Status	Description
Output Expenses	Departmental	Authorises expenses to be incurred by a department or an Office of Parliament in supplying a specified category of outputs (goods and services).
	Non-Departmental	Authorises expenses to be incurred by the Crown (excluding departments) in purchasing a specified category of outputs (goods and services) from Crown entities or other third parties.
Benefits and Other Unrequited Expenses	Non-Departmental	Authorises expenses to be incurred by the Crown (excluding departments) in transferring resources (generally to individuals for their personal benefit) for which the Crown receives nothing directly in return. Examples include the Unemployment Benefit, student allowances and various scholarships and awards.
Borrowing Expenses	Departmental	Authorises the incurring of interest or other financing expenses for loans made to a department or an Office of Parliament, or public securities (undertakings that represent part of the public debt) issued by a department or an Office of Parliament. In practice, limitations on the rights of departments to borrow or issue securities mean that these are likely to be incurred only by Offices of Parliament.
	Non-Departmental	Authorises the incurring of interest or other financing expenses for loans made to the Crown (excluding departments), or public securities (undertakings that represent part of the public debt) issued by the Crown. Crown debt management is centralised, which means that most debt-servicing expenses appear in Vote Finance.
Other Expenses	Departmental	Authorises expenses to be incurred by a department or an Office of Parliament that are not either output expenses or borrowing expenses. Other expenses should be used only for events that cannot be related back to output production, such as redundancy costs arising from a government decision to cease purchasing certain types of outputs, or a loss on sale of assets made surplus by departmental restructuring.
	Non-Departmental	Authorises expenses to be incurred by the Crown (excluding departments) that are not structured or managed as output expenses, benefits and unrequited expenses, or borrowing expenses. Other expenses is the residual appropriation type, which should not be used where an appropriation could be better classified or managed as one of the other appropriation types (eg, as output expenses). Examples include disposal of an asset for less than market value, grants to community organisations, subscriptions for membership of international bodies and remuneration of independent statutory officers.
Capital expenditure	Departmental	Authorises capital expenditure to be incurred by a department or an Office of Parliament to acquire or develop assets for the use of the department.
	Non-Departmental	Authorises capital expenditure to be incurred by the Crown (excluding departments) to acquire or develop Crown assets, including the purchase of equity, or making a loan to a person or organisation that is not a department.
Expenses or Capital expenditure incurred by an intelligence and security department	Departmental	Authorises both expenses and capital expenditure to be incurred by the New Zealand Security Intelligence Service or the Government Communications Security Bureau.

Types of Output Expense Appropriations

A number of variations are possible for output expense appropriations. In particular, the constraint on the amount of expense that can be incurred is not always a fixed amount; and an output expense appropriation can cover more than one class of outputs.

Output Expense Appropriation Type and Authority	Description, Constraints on Form and Typical Application
<p>Standard Output Expense Appropriations</p> <p>(section 7(1), Public Finance Act 1989)</p>	<p>Departmental or non-departmental: Authorise a department or an Office of Parliament to incur expenses in supplying a specified class of outputs (goods and services), or the Crown (excluding departments) to incur expenses to purchase a specified class of outputs.</p> <p>Annual or multi-year: The authority lapses at the end of the financial year or multi-year period specified.</p> <p>Single output class only: The scope is limited to a single class of outputs (defined as a grouping of similar outputs).</p> <p>Amount limited by Appropriation Act: The amount of a standard output expense appropriation is limited to a set amount of NZ dollars specified in an Appropriation Act.</p> <p>Typical application: The normal or default form for an output expense appropriation, used for a wide range of outputs for which the flexibility offered by the other types of output expense appropriation is not required.</p>
<p>Multi-Class Output Expense Appropriations (MCOA)</p> <p>(section 7(3)(b), Public Finance Act 1989)</p>	<p>Departmental or non-departmental: Authorise a department or an Office of Parliament to incur expenses in supplying more than one specified class of outputs (goods and services), or the Crown (excluding departments) to incur expenses to purchase more than one specified class of outputs.</p> <p>A proposed MCOA must be approved by the Minister of Finance before it is presented in the <i>Estimates</i>. The information supporting the <i>Estimates</i> must explain why the Minister has allowed those classes of outputs to be grouped in one appropriation.</p> <p>Annual or multi-year: The authority lapses at the end of the financial year or multi-year period specified.</p> <p>Multiple output classes: The scope of an MCOA is determined by the combined scope of each of the output classes included in that appropriation.</p> <p>Amount limited by Appropriation Act: The amount of an MCOA is limited to a set amount of NZ dollars specified in an Appropriation Act. The amount of expense that can be incurred in relation to each component output class is flexible within the total amount of the MCOA, although expenses must be separately forecast and reported for each individual class in the <i>Estimates</i>, <i>Information Supporting the Estimates</i>, <i>Supplementary Estimates</i> and the department's annual report.</p> <p>Typical application: An MCOA is used where it is appropriate to give the responsible Minister or department ongoing discretion over the output mix across two or more classes of outputs. Such discretion will most commonly be sought where the output classes contribute to a common outcome, or use a common or closely related set of inputs or processes, and the circumstances that determine the appropriate output choice or mix are likely to vary during the appropriation period.</p>
<p>Revenue-Dependent Appropriations (RDA)</p> <p>(section 21(1), Public Finance Act 1989)</p>	<p>Departmental only: Authorise a department or an Office of Parliament to incur expenses in supplying a specified a class of outputs (goods and services) that are not paid for directly by the Crown.</p> <p>A proposed RDA must be approved by the Minister of Finance, before it is presented in the <i>Estimates</i>. Each class of outputs for which an RDA is approved is listed in an Appropriation Act for the relevant financial year.</p> <p>Annual only: The authority lapses at the end of the financial year specified.</p> <p>Single output class only: The scope of an RDA is limited to a single class of outputs (defined as a grouping of similar outputs).</p> <p>Amount limited by amount of revenue earned: The amount of an RDA is limited to the amount of revenue earned by a department or an Office of Parliament from other departments or from parties other than the Crown during a financial year. The Minister of Finance can further direct a department to incur expenses to a level lower than the amount of revenue earned, though such directions have been rare.</p> <p>Typical application: An RDA provides flexibility to respond to unanticipated changes in the level of external demand for a class of outputs, where the full cost of the outputs is met by external parties and not the Crown.</p>

Output Expense Appropriation Type and Authority	Description, Constraints on Form and Typical Application
Department-to-Department Appropriation (DDA) (section 20(2), Public Finance Act 1989)	<p>Departmental only: Authorise a department or an Office of Parliament to incur expenses in supplying specified outputs (goods and services) paid for by another department.</p> <p>Creation of a DDA requires an agreement between two departments. Implicitly it also requires the approval of the Minister who will become responsible for the appropriation - namely, the Minister responsible for the supplying department - as the agreement has implications for the scope and risk of that department's operations.</p> <p>Annual or multi-year: The period of a DDA will depend on the negotiated terms of the agreement.</p> <p>Single or multiple output class(es): The scope of a DDA (and hence whether it covers one or more classes of outputs) will depend on the way in which the agreement defines what is to be delivered. In most cases, an agreement that provides for a range of different outputs is better treated as creating several single-class DDAs.</p> <p>Amount limited by departmental agreement: The amount of a DDA is limited to either the amount of revenue earned from the commissioning department, or the cost incurred by the supplying department in providing those outputs (if that cost is less than the amount of revenue earned under the agreement).</p> <p>Typical application: DDAs are intended to make collaboration between departments easier by reducing the time and effort required to obtain / adjust the relevant appropriations while also allowing a commissioning department to retain full control over the resources it provides.</p> <p>The use of a DDA is not confined to bilateral agreements. A set of related DDAs could be used to enable one department to co-ordinate and manage the work of several departments that must work together to contribute to providing an integrated service to third parties, or to pool contributions from several departments to enable another department to provide a specific service to or on behalf of those departments.</p>

Appropriation Period

The length of the appropriation period affects how appropriations are presented in the *Estimates* and *Supplementary Estimates*. Three kinds of appropriation can be distinguished on the basis of period - annual and multi-year (as referred to in the above table on types of output expense appropriations), and permanent:

- Annual Appropriations** - Most appropriations listed in the *Estimates* and *Supplementary Estimates* allow expenses or capital expenditure to be incurred only during a particular financial year. The annual amounts, for which parliamentary authority is being sought, are shown in **bold type** in Details of Annual and Permanent Appropriations in the *Estimates* and *Supplementary Estimates* for each Vote. The amounts for RDAs and annual DDAs are forecasts only, and so are not shown in bold type.
- Multi-Year Appropriations (MYAs)** - The PFA also permits appropriations that allow expenses or capital expenditure to be incurred during a specified period that spans the whole or parts of more than one financial year, but no more than five financial years. The details of each MYA, including its commencement date and expiry date, are specified in Details of Multi-Year Appropriations in the *Estimates* and *Supplementary Estimates* for relevant Votes.
- Permanent Appropriations** (sometimes referred to as permanent legislative authorities or PLAs) - Permanent appropriations are authorised by legislation other than an Appropriation Act and continue in effect until revoked by Parliament. Generally the authorising legislation will impose limits on the scope of the appropriation and not its amount. For those appropriations that with limits set in cash terms, section 11(2) of the Public Finance Act 1989 requires that they be reported on an accrual basis. The usual legislative wording allows for expenses or capital expenditure to be incurred for the purpose specified in the legislation "without further appropriation than this section". Details of permanent appropriations are included in Details of Annual and Permanent Appropriations in the *Estimates* and *Supplementary Estimates* for each Vote for completeness, though the amount specified is a forecast rather than a limit. The amounts of permanent appropriations are therefore not shown in bold type. The scope of a permanent appropriation will reference the relevant section of the authorising legislation.

Guide to Reading *Information Supporting the Estimates*

The *Information Supporting the Estimates* for each of the 10 sectors comprises five components, each of which is briefly described, below.

1 Sector Overview Information

The first component of the *Information Supporting the Estimates* may include a statement, agreed by all Ministers responsible for appropriations in each Vote included in the sector, that presents an overview of the sector and a high-level summary of the government's expectations and priorities. The Overview also includes Ministerial and Chief Executive Statements of Responsibility for the information provided in the *Information Supporting the Estimates*.

2 Performance Information Relating to Appropriations in Each Vote

The second component of the *Information Supporting the Estimates* presents performance information relating to each appropriation.

The title pages for each Vote specify the Minister(s) responsible for existing and proposed appropriations in the Vote, and the Responsible Minister for the department. The performance information meets the requirements of sections 15 and 41(1)(e) of the PFA and contains up to six parts. If particular information is not applicable to the Vote or a specific appropriation or type, or is otherwise unavailable, the relevant heading is not included.

Part 1 - Summary of the Vote

The Summary of the Vote comprises:

- **Part 1.1 Overview of the Vote** - A plain-language summary of the focus of the appropriations through a brief explanation of the Vote. The Overview also appears at the start of the Vote in the *Estimates*.
- **Part 1.2 High-Level Objectives of the Vote** - The objectives for the Vote presented through links and relationships and high-level priorities and outcomes to which they contribute. Where applicable, priorities and outcomes are drawn from the priorities and desired outcomes and published strategy documents. Links are also made to specific government strategies. Links may also be made to specific Government objectives.
- **Part 1.3 Trends in the Vote** - A presentation of the actual and estimated trends in the Vote, comprising:
 - **Summary of Financial Activity** - A table showing financial information over the preceding five years (actual, budgeted or estimated actual), the current year (Budget) and the following three years (estimated) for the type of appropriations and Crown revenue and capital receipts.
 - **New Policy Initiatives** - A table showing how new initiatives (and the associated expenses or capital expenditure) are allocated to appropriations in the Vote. References are included where appropriations in other Votes are affected by the same initiative.
 - **Analysis of Significant Trends** - High-level analysis of appropriations and Crown revenue and capital receipts by type over the nine financial years covered by the Summary of Financial Activity table, explanations of significant changes and may also contain graphical presentations.

- **Part 1.4 Reconciliation of Changes in Appropriation Structure** - a table providing a reconciliation and explanation of any changes in the structure or classification of appropriations made in the Budget year. These changes are restated for the previous financial year to facilitate comparison.

Part 2 - Details and Expected Performance for Output Expenses

This Part provides further detail about appropriations and expected performance for output expenses.

- **Part 2.1 Departmental Output Expenses** - Intended impacts, outcomes and objectives are presented for departmental output expense appropriations in the Vote. This is followed by information on each appropriation, including its scope, a table showing expenses and revenue (distinguishing the revenue sources between the Crown and others), a statement of reasons for change in the appropriation (if material), and tables detailing performance measures and standards for significant aspects of expected output performance, any conditions on use of appropriation, any memorandum accounts (which record accumulated surpluses and deficits incurred in the provision of outputs on a full cost-recovery basis), and any current and past policy initiatives affecting the appropriation.
 - Information on impacts and outcomes or objectives to which the outputs contribute is provided. Further information on the relationships between outputs, impacts, and outcomes or objectives is outlined in Part 1.2 and the Statement of Intent. Conditions on use include administrative criteria and processes contained in legislation, regulation and Government decisions, which may be reference in scope statement or performance measures. The current and past policy initiatives tables provides a five-year history of announced initiatives that impact on the Budget year, the preceding year and the following three years.
 - For MCOA, an explanation is provided as to why the classes of outputs have been grouped under a single appropriation, and the scope statement, expenses and revenue, and performance information is presented for each output class.
 - Information provided for MYAs enables the original appropriation to be reconciled to the adjusted level if changes have been approved or are proposed, and the balance remaining to be derived taking account of actual or estimated expenses incurred to date.
 - The appropriation scope, expenses and revenue, and output performance measures and standards match information required to be included in a department's Statement of Forecast Service Performance with respect to departmental output expense appropriations used by the department.
- **Part 2.2 Non-Departmental Output Expenses** - This sub-part contains comparable information to that presented in Part 2.1 on departmental output expense appropriations. The main differences are that details of third parties' other revenue is not relevant and a summary of service providers is included.
 - The service providers table shows Crown entities and non-governmental organisations providing outputs funded through the Vote, and (where applicable) the mechanism for reporting actual performance to Parliament and the expiry of the Government's resource commitment. The reporting mechanisms are typically an entity's annual report or a report by the responsible Minister required by section 32A of the PFA. Where the provider is a Crown entity that is required to produce a Statement of Intent, its annual report may contain more detailed performance information at the output class or output level. 'Section 32A' reports include a statement of service performance in relation to the appropriation.

Part 3 - Details for Benefits and Other Unrequited Expenses

Part 3 provides performance information about appropriations for benefits and other unrequited expenses incurred by the Crown. No departmental transactions arise under this appropriation type.

- **Part 3.2 Non-Departmental Benefits and Other Expenses** - Information on each appropriation includes impacts and outcomes intended to be achieved, a scope statement, expense components, reasons for material changes, any conditions of use, and details of any current and past policy initiatives over the five years up to and including the Budget year.

Part 4 - Details for Borrowing Expenses

This Part provides detail about appropriations for borrowing expenses. No departmental borrowing expense appropriations exist at present.

- **Part 4.2 Non-Departmental Borrowing Expenses** - The set of performance information is the same as that for non-departmental benefits and other expenses, except that conditions on use are not specified.

Part 5 - Details and Expected Results for Other Expenses

Part 5 provides detail about appropriations for:

- **Part 5.1 Departmental Other Expenses** - It is uncommon for this category of appropriation to be utilised. In the few cases where it occurs, the performance information is the same as that for non-departmental other expense appropriations except for a summary of reporting mechanisms.
- **Part 5.2 Non-Departmental Other Expenses** - Information on other expenses incurred by the Crown covers intended impacts and outcomes, appropriation scope, expenses analysed by component, reasons for material changes in the appropriation, expected results and standards, any conditions on use, any current and past policy initiatives, and a summary of mechanisms for reporting actual performance to Parliament.

Part 6 - Details and Expectations of Capital Expenditure

This Part provides further details about appropriations for capital expenditure.

- **Part 6.1 Departmental Capital Expenditure** - The purchase or development of assets by a department is made under a permanent appropriation authorised by section 24(1) of the PFA. Capital expenditure is defined in section 2 as the cost of assets acquired or developed, including tangible, intangible or financial assets, and any ownership interest in entities, but excluding inventories. The appropriation appears in the Vote that contains appropriations that are the responsibility of the department's Responsible Minister.
 - Information is provided on intended impacts and outcomes of the appropriation, its scope, expenditure analysed by standard asset categories, reasons for material changes in the appropriation, and expected results. The scope statement is in a standard form for all departments. The performance information relates to the department as a whole and is not limited to any specific capital injection.
- **Part 6.2 Non-Departmental Capital Expenditure** - Performance information for capital expenditure incurred by the Crown is the same as that for departmental capital expenditure except for not detailing asset categories and the addition of any conditions on use of the appropriation, any current and past policy initiatives, and a summary of the mechanism for reporting to Parliament.

- The scope statement indicates the form of interest or asset acquired by the Crown, such as a capital injection (equity), loan or shares.

The following table summarises the performance information that is required for a ‘standard’ appropriation in each sub-part.

Standard Appropriations	Part 2.1	Part 2.2	Part 3.1	Part 3.2	Part 4.1	Part 4.2	Part 5.1	Part 5.2	Part 6.1	Part 6.2
<i>For each sub-part:</i>										
Intended impacts, outcomes or objectives	√	√	√	√	√	√	√	√	√	√
<i>For each appropriation:</i>										
Scope of appropriation	√	√	√	√	√	√	√	√	√	√
Expenses and revenue	√	N/A								
Expenses	N/A	√	√	√	√	√	√	√	N/A	N/A
Capital expenditure	N/A	√	√							
Reasons for change in appropriation	√	√	√	√	√	√	√	√	√	√
Output performance measures and standards	√	√	N/A							
Expected results	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√
Conditions on use of appropriation	√	√	√	√	N/A	N/A	√	√	N/A	√
Memorandum account	√	N/A								
Current and past policy initiatives	√	√	√	√	√	√	√	√	n/a	√
Summary of service providers	N/A	√	N/A							
Reporting mechanism	N/A	√	N/A	N/A	N/A	N/A	N/A	√	N/A	√

Information on reasons for change, conditions on use, current and past policy initiatives, and reporting mechanisms appears where applicable or material. Memorandum accounts are relevant only in Part 2.1. Some variations exist for non-standard appropriations, including MCOAs in Parts 2.1 and 2.2 and MYAs in Parts 2.1, 2.2, 5.2 and 6.2. Furthermore performance information may not be available for some appropriations.

3 Statement of Forecast Service Performance of Departments

The third component of the *Information Supporting the Estimates of Appropriations* comprises the Statement of Forecast Service Performance for each department included in the sector, by reference to material already set out in Part 2.1 of Votes containing appropriations proposed to be used by the department.

4 Forecast Financial Statements of Departments

The fourth component of the *Information Supporting the Estimates* begins with a Statement of Common Accounting Policies applicable to all departments. The forecast financial statements for the forthcoming financial year for each department covered by the sector includes a:

- Statement of Forecast Comprehensive Income
- Statement of Forecast Changes in Taxpayers' Funds
- Forecast Statement of Financial Position
- Statement of Forecast Cash Flows
- Statement of Significant Assumptions.

Each department will include a Statement of Entity- Specific Accounting Policies detailing policies for any matters not addressed by the Statement of Common Accounting Policies (such as a “going concern” statement) or where its policies are more specific than the common policies (such as capitalisation thresholds and estimated useful lives of individual classes of assets). Notes to the Financial Statements provide additional details to assist interpretation of the accounts and to meet disclosure requirements outlined in legislation and accounting standards.

5 Statements of Intent of Departments

The final component of the *Information Supporting the Estimates* presents the Statements of Intent of the departments covered by each sector. These statements contain the information required by section 40 of the PFA. They focus on the medium term and generally cover:

- **Nature and scope of the department's functions** - A brief high-level description of the department's functions, addressing its role(s) and purpose and how it intends fulfilling them.
- **Strategic direction - impacts and outcomes** - A brief high-level overview of the department's strategic direction covering both the impacts and outcomes the department is seeking to achieve (or contribute to) and the strategic environment in which the department operates through, in particular, its responses to the government's priorities.
- **Operating intentions** - Information that describes how the department intends to achieve (or contribute to) those desired impacts and outcomes through its operations. This section should also include the main measures and standards the department will use to assess and demonstrate what it has achieved, including measures of outcome achievement, impact and cost effectiveness.
- **Managing in a changeable operating environment** - Information on the risks to achievement of the desired outcomes and priorities, and the department's mitigation strategies.
- **Assessing organisational health and capability** - The department's intentions for building and strengthening its internal capability, including its responses to the development goals for the State Services and its strategic approach to managing its asset base and forecast capital expenditure in the medium term. If capital expenditure is significant, it is in a separate section.
- **Additional information and statutory reporting requirements** - As required either by the responsible Minister or Minister of Finance, or by specific legislation.

Terms and Definitions

The table below contains terms that are used in the *Estimates* and the *Information Supporting the Estimates*.

Appropriation	An appropriation is a parliamentary authorisation for the Crown or an Office of Parliament to incur expenses or capital expenditure.
Appropriation scope	One of the defining terms of an appropriation that establishes limits on the activities for which the Crown or an Office of Parliament is authorised to incur expenses or capital expenditure under that appropriation.
Capital expenditure	The cost of assets acquired or developed including any ownership interest in entities, but excluding inventory.
Crown revenue	Revenue earned on behalf of the Crown. These flows are accounted for as revenue to the Crown rather than as departmental revenue.
DDA	Department-to-department appropriations as authorised by section 20(2) of the PFA.
Department	Generally references to Departments also include an Office of Parliament as provided in section 26E(4) of the PFA.
Expenses	Amounts consumed or losses of service potential or future economic benefits, other than those relating to capital withdrawals, in a financial year. Expenses are an accrual concept measured in accordance with generally accepted accounting practice.
GST	Goods and services tax. Appropriations are stated GST exclusive.
MCOA	Multi-class output expense appropriation.
MYA	Multi-year appropriation.
N/A	Not applicable.
Outcomes	States or conditions of society, the economy or the environment, including changes in those states or conditions.
Outputs	Goods or services supplied by departments and other entities to external parties. Outputs are a variety of types, including policy advice, administration of contracts and grants, and the provision of specific services.
PFA	Public Finance Act 1989.
PLA	Permanent Legislative Authority - a traditional term for a permanent appropriation, ie, one that is authorised for an indefinite period by legislation other than an Appropriation Act.
Minister	The Minister responsible for specific appropriations being sought within a Vote. As several Ministers may now hold appropriations within a single Vote, each appropriation has a tag (M1, M2 etc) identifying the Minister responsible for that line item.
RDA	Revenue-dependent appropriations, as authorised by section 21(1) of the Public Finance Act 1989.
Responsible Minister	The Minister responsible for the financial performance of a department or Crown entity. In relation to an Office of Parliament, the Office of the Clerk of the House of Representatives, and the Parliamentary Service, the Speaker is the Responsible Minister.
Revenue from the Crown	Revenue earned by a department from the Crown for the provision of outputs to or on behalf of the Crown. These flows are accounted for as departmental revenue. Revenue from the Crown is eliminated for purposes of reporting the Crown's overall financial performance and position.
Revenue from Others	Revenue earned by a department from other departments and from third parties. Revenue from other departments is eliminated for purposes of reporting the Crown's overall financial performance and position.
Vote	A grouping of one or more appropriations that are the responsibility of one or more Ministers of the Crown and are administered by the same department.

Useful Links

The suite of Budget 2012 documents can be accessed in the Budgets section of the website: www.treasury.govt.nz/budget/2012. Documents providing guidance on the PFA and the public sector financial management system can be accessed in the Public Finance Overviews section of the Treasury's website: www.treasury.govt.nz/publications/guidance/publicfinance.