

# 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 & non-departmental)
  - 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

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



# MCA's in 2013/14

- MCA's are being developed on a selective basis for implementation during 2013/14
- The lessons the Treasury learns from working with those departments that implement MCA's 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