

Reference: 20160097

5 May 2016



Thank you for your Official Information Act request, received on 6 April 2016. You requested the following:

“a copy of:

- 1) Treasury Report: Imprest Supply (Second for 2007/08) Bill*
- 2) Treasury Report: Imprest Supply (Second for 2009/10) Bill*
- 3) Treasury Report: Imprest Supply (Second for 2011/12) Bill (note you have already supplied 2010/11 to me)*
- 4) Treasury Report: Imprest Supply (Second for 2012/13) Bill*
- 5) Treasury Report: Imprest Supply (Second for 2013/14) Bill*
- 6) Treasury Report: Imprest Supply (Second for 2014/15) Bill”*

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	24 July 2007	Treasury Report: Imprest Supply (second for 2007/08) Bill	Release in part
2.	19 August 2009	Treasury Report: Imprest Supply (second for 2009/10) Bill	Release in part
3.	4 August 2011	Treasury Report: Imprest Supply (second for 2011/12) Bill	Release in part
4.	9 August 2012	Treasury Report: Imprest Supply (second for 2012/13) Bill	Release in part
5.	29 July 2013	Treasury Report: Imprest Supply (second for 2013/14) Bill	Release in part
6.	4 June 2014	Treasury Report: Imprest Supply (second for 2014/15) Bill	Release in part

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including deceased people, and
- confidential information, under section 9(2)(j) – to enable a Minister of the Crown or any department or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) the Crown to negotiate without disadvantage or prejudice.

Please note I have enclosed only the Treasury Reports you requested and not the Bills that were attached to these reports.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Simon McLoughlin
Team Leader, Fiscal & State Sector Management

Information Being Released

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COMMERCIAL-SENSITIVE



Treasury Report: Imprest Supply (Second for 2007/08) Bill

Date:	24 July 2007	Treasury Priority:	Medium
Security Classification:	COMMERCIAL-SENSITIVE	Report No:	T2007/1352

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Dr Michael Cullen)	Approve the amounts to be sought in the Imprest Supply (Second for 2007/08) Bill	Friday 27 July 2007
Associate Minister of Finance (Hon Phil Goff)	Note contents	None
Associate Minister of Finance (Hon Trevor Mallard)	Note contents	None
Associate Minister of Finance (Hon Clayton Cosgrove)	Note contents	None

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Alex Harrington	Senior Analyst, Fiscal Management	917 6952 (wk)	s9(2)(a)	✓
Mark Sowden	Manager, Fiscal Management	917 6183 (wk)		

Enclosure: Yes

COMMERCIAL-SENSITIVE

24 July 2007

Treasury Report: Imprest Supply (Second for 2007/08) Bill

Executive Summary

The Imprest Supply (Second for 2007/08) Bill is scheduled to be introduced to the House on or before 16 August. Standing Orders allow the debate on the second reading of the Bill to be taken together with the debate on the third reading of the Appropriation (2007/08 Estimates) Bill.

The Imprest Supply (Second for 2007/08) Bill will provide interim authority for any government expenditure that is needed over and above the amounts authorised by the Appropriation (2007/08 Estimates) Act.

We recommend that this impost bill seek authority to:

- Incur expenses of \$5,900 million;
- Incur capital expenditure of \$1,100 million; and
- Hold net assets that exceed the amounts set out in the Appropriation (2007/08 Estimates) Act by no more than \$500 million.

The amount that we recommend for expenses is considerably higher than that sought last year (\$3,600 million). This increase is driven by two large, one-off items that we recommend making provision for:

- i. The expected fiscally neutral reorganisation of tertiary education appropriations (\$1,200 million); and
- ii. The potential impact of upcoming climate change policy decisions on the Crown's Kyoto liability (\$1,400 million).

In addition to these two large items, the amounts that we recommend for impost supply would provide for:

- Between-budget spending risks as noted in the weekly *Fiscal Update for Cabinet*, including tagged items for which funding has been set aside in the Budget and risks against the general and sectoral contingencies;
- Spending decisions affecting 2007/08 that may be taken as part of Budget 2008, based on the current year impact of previous budgets;
- Fiscally neutral adjustments, expense and capital transfers, forecast changes and other technical changes, particularly in the Health and Education sectors, based on past trends and known risks; and
- General contingency amounts for unforeseen risks.

The bill will include an explanatory note that explains impost supply and outlines how impost requirements have been calculated. A draft bill is attached for your information; this will be finalised once you have confirmed the amounts to include.

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Recommended Action

We recommend that you:

- a **note** that the Imprest Supply (Second for 2007/08) Bill is due to be introduced on or before 16 August and debated with the third reading of the Appropriation (2007/08 Estimates) Bill;
- b **approve** the following amounts of imprest supply to be sought in the bill:
- Expenses: \$5,900 million
 - Capital expenditure: \$1,100 million
 - Departmental net assets: \$500 million

Agree/disagree

- c **note** that the increase in the amount of imprest supply for expenses is driven by the expected fiscally neutral reorganisation of tertiary education appropriations (\$1,200 million) and the potential impact of upcoming climate change policy decisions on the Crown's Kyoto liability (\$1,400 million);
- d **indicate** whether the explanatory note to the bill should mention "climate change policy" as one of the areas that imprest supply may be needed for, as it did last year;

Mention climate change/do not mention climate change

- e **note** that a draft bill is attached for your information; and
- f **note** that speaking notes are attached for the debate on the Appropriation (2007/08 Estimates) Bill and the Imprest Supply (Second for 2007/08) Bill.

Mark Sowden
Manager, Fiscal Management
for Secretary to the Treasury

Hon Dr Michael Cullen
Minister of Finance

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Treasury Report: Imprest Supply (Second for 2007/08) Bill

Purpose of Report

1. This report seeks your agreement to the amount of imprest supply to be sought for expenses, capital expenditure and departmental net assets in the Imprest Supply (Second for 2007/08) Bill.

Imprest Requirements

2. The Appropriation (2007/08 Estimates) Act will provide authority for most government expenditure in the 2007/08 year. The Imprest Supply (Second for 2007/08) Act will provide interim authority for any expenditure that is needed over and above the amounts authorised by the Appropriation (2007/08 Estimates) Act. This authority will subsequently be confirmed by the Appropriation (2007/08 Supplementary Estimates) Act, which will be passed by the end of June 2008.
3. Imprest supply will be needed for a range of items, including:
 - Cabinet spending decisions that increase appropriations or departmental net asset holdings in the 2007/08 year;
 - Any spending decisions in Budget 2008 that have implications in the 2007/08 year; and
 - Increases in appropriations from technical changes, such as the increases associated with fiscally neutral adjustments and confirming in-principle expense and capital transfers from 2006/07, and increases in demand-driven appropriations such as benefits.

Overall levels of imprest supply

4. The table below shows the amounts that we recommend be sought in the Imprest Supply (Second for 2007/08) Bill. As in previous years, the bulk of imprest supply would be needed for technical changes.

Imprest Supply (\$ millions)	Expenses	Capital expenditure	Net assets
Between-budget spending risks	613	269	80
Technical changes	3,248	633	150
Kyoto liability risk	1,400	-	-
Current-year impact of Budget 2008	90	60	25
General contingency	549	138	245
Total for Imprest Supply	5,900	1,100	500

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5. Our recommended level of imprest supply for expenses of \$5,900 million is considerably higher than the \$3,600 million sought last year. The increase is driven by two large items:
 - i. The forthcoming fiscally neutral reorganisation of tertiary education appropriations, which will take effect from 1 January 2008. This is expected to account for around \$1,200 million of imprest supply; and
 - ii. A risk to the Crown's Kyoto liability from upcoming climate change policy decisions for which we recommend setting aside \$1,400 million. This is discussed below.
6. The levels of imprest supply sought for capital expenditure (\$1,100 million) and net assets (\$500 million) are much closer to the amounts sought last year (\$1,900 million for capital expenditure and \$300 million for net assets).

Kyoto liability risk

7. As you are aware, officials are currently developing options to address climate change issues. The current timetable would see Cabinet agreeing in principle to a suite of policies in August, with final decisions to be taken later in 2007 following engagement with stakeholders.
8. One of the components of the preferred approach is to devolve afforestation credits to the forestry sector. If this decision were to be taken, this would directly impact on the Crown's liability under the Kyoto protocol. The increase in the liability would be an expense requiring appropriation. We estimate that the increase in the liability would be around \$1,200 million (based on a volume of 79 million tonnes of afforestation credits¹, a price of USD11.90 per tonne² and a USD/NZD exchange rate of 0.8). Given the uncertainty around the price, volume and exchange rate, we would recommend being prudent and providing for \$1,400 million of imprest supply for this risk.
9. This potential increase in the Kyoto liability may well be accompanied by decisions in other areas, such as bringing transport and agriculture into an emissions trading scheme.
10. The explanatory note to the imprest supply bill typically includes an indication of the items for which imprest supply may be needed. This does not mention numbers for particular items, and is normally at a very high level (e.g. in relation to expenses, last year's bill talked about "operating risks, including justice sector pressures, climate change policy, and provision for forecast changes in education and benefit payments").
11. There may be some sensitivity in mentioning this particular risk in the explanatory note for the imprest supply bill in too much detail. One option would be to again refer to "climate change policy" without being more specific. This wording is included in the current draft of the bill.

¹ This volume is based on the draft of this year's Ministry for the Environment report *Projected balance of emissions units during the first commitment period of the Kyoto Protocol*, which is being peer reviewed at present.

² This price is based on our preliminary estimate of the carbon price to be used to calculate the value of the provision for the Kyoto liability in the *Financial Statements of the Government for the year ended 30 June 2007*. This price is yet to be peer reviewed.

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Between-budget spending risks

12. The amounts that we recommend seeking to cover between-budget spending risks are outlined in the table below:

Imprest Supply for between-budget spending risks (\$ millions)	Expenses	Capital expenditure	Net assets
Tagged contingencies	212	159	60
Sectoral contingencies	101	-	-
Impact of discount rate changes on Crown debtor portfolios	100	-	-
Risks against general contingencies	200	110	20
Total	613	269	80

13. While most of these items are self-explanatory, the 'impact of discount rate changes on Crown debtor portfolios' item reflects the risk that interest rate increases may feed through into a higher expense (i.e. the write-down to fair value on initial recognition) being required on non-market loan portfolios such as student loans.

Technical changes

14. The amounts that we recommend seeking to cover technical changes are outlined in the table below:

Imprest Supply for technical changes (\$ millions)	Expenses	Capital expenditure	Net assets
Health	501	100	100
Education	1,371	17	16
General	1,376	516	34
Total	3,248	633	150

15. Of the expected technical changes in the table above:
- Health's are driven by expected fiscally neutral transfers from their general appropriation to individual DHB appropriations and potential reappropriation of 2006/07 underspends;
 - Education's are driven by the forthcoming fiscally neutral restructuring of tertiary education appropriations (estimated at \$1,241 million), historical levels of forecast changes and capital charge changes; and
 - 'General' is based on historical patterns.

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Other Relevant Information

Draft Bill including Explanatory Note

16. A draft bill including an explanatory note is attached. The explanatory note provides background information for Parliament about imprest supply and details how imprest requirements have been calculated.

Introduction of the Bill and the Imprest Supply Debate

17. The combined debate on the second reading of the Imprest Supply (Second for 2007/08) Bill and the third reading of the Appropriation (Estimates 2006/07) Bill is a three hour debate. The content of the debate tends to be of a general political nature. The Minister of Finance, as the Minister in charge of the bill, opens the debate.
18. Speaking notes for the debate are attached as an annex to this report.

[Annex not relevant to request]

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Treasury Report: Imprest Supply (Second for 2009/10) Bill

Date:	19 August 2009	Report No:	T2009/1945
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Approve the amounts for inclusion in the Imprest Supply (Second for 2009/10) Bill	Monday, 24 August 2009

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Richard Downing	Senior Analyst, Macroeconomic Group	471 5930 (wk)	✓
Chris Bunny	Manager, Fiscal Management	917 6201 (wk)	

Minister of Finance's Office Actions (if required)

Advise Treasury of the numbers approved by the Minister of Finance for the Imprest Supply (Second for 2009/10) Bill.
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Enclosure: Yes

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19 August 2009

Treasury Report: Imprest Supply (Second for 2009/10) Bill

Executive Summary

The Imprest Supply (Second for 2009/10) Bill is scheduled to be introduced to the House on or before 27 August. Standing Orders allow the debate on the second reading of the Bill to be taken together with the debate on the third reading of the Appropriation (2009/10 Estimates) Bill.

The Imprest Supply (Second for 2009/10) Bill will provide interim authority for any government expenditure that is needed over and above the amounts authorised by the Appropriation (2009/10 Estimates) Act.

We recommend that this Imprest Bill seek authority to:

- Incur expenses of \$6,700 million;
- Incur capital expenditure of \$2,700 million; and
- Hold net assets that exceed the amounts set out in the Appropriation (2009/10 Estimates) Act by no more than \$600 million.

For expenses we consider \$6,700 million, higher than the \$6,350 million sought in last year's Bill, to be prudent in order to meet the following risks:

- Possible forecast changes for demand driven components of Vote Education and risks of higher benefit payments in the uncertain economic environment.
- The upward leg of a number of large Fiscally Neutral Adjustments, particularly in Votes Education, Health and Defence Force.
- A likely increase in the baseline in the Other Compensation baseline (relating to the Non-earners Account) in Vote ACC, following the valuation of the ACC Scheme liability.
- The risk of impairments of debt relating to Child Support, General Tax and Family Support and Student Loans in Vote Revenue.

The recommended amount of impost for capital is higher than in 2008/09 (\$2,300 million). In 2008/09 almost all of the capital impost was used, with \$150 million remaining at the end of the fiscal year. We believe a slightly higher amount is prudent this year to cover risks relating to:

- Reappropriations in Vote Health; and
- A variety of transactions in Vote Transport, including rolling over KiwiRail's debt facility and the transfer of unspent Multi-year appropriations in Vote Finance in 2008/09.

Some of these items for both capital expenditure and expenses are technical in nature and, despite requiring impost supply, would not impact on the operating balance or debt.

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In addition to these specific items, the amounts that we recommend for imprest supply would provide for:

- Between-budget spending risks, including tagged items for which funding has been set aside in the Budget and risks against the general contingencies.
- Spending decisions affecting 2009/10 that may be taken as part of Budget 2010, based on the current year impact of previous Budgets.
- Fiscally neutral adjustments, expense and capital transfers, forecast changes and other technical changes, based on past trends and known risks.
- General contingency amounts for unforeseen risks.

The Bill will include an explanatory note that explains imprest supply and outlines how imprest requirements have been calculated.

A draft Bill is attached. Once we have received your confirmation of the numbers and the final QA and proofing has been completed, the Bill will be printed and copies supplied to you by the Parliamentary Counsel Office.

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Recommended Action

We recommend that you:

- a **note** that the Imprest Supply (Second for 2009/10) Bill is due to be introduced on or before 27 August and debated with the third reading of the Appropriation (2009/10 Estimates) Bill;
- b **approve** the following amounts of imprest supply to be sought in the Bill:
- Expenses: \$6,700 million;
 - Capital expenditure: \$2,700 million; and
 - Departmental net assets: \$600 million.

Agree/disagree

- c **agree** to the disclosures in the attached Annex 1 explaining how imprest requirement have been calculated for the Imprest Supply (Second for 2009/10) Bill being included in the Explanatory Note to the Bill.

Chris Bunny
Manager, Fiscal Management Team
for Secretary to the Treasury

Hon Bill English
Minister of Finance

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Treasury Report: Imprest Supply (Second for 2009/10) Bill

Purpose of Report

1. This report seeks your agreement to the amount of imprest supply to be sought for expenses, capital expenditure and departmental net assets in the Imprest Supply (Second for 2009/10) Bill.

Analysis

2. The Appropriation (2009/10 Estimates) Act will provide authority for most government expenditure in the 2009/10 year. The Imprest Supply (Second for 2009/10) Act will provide interim authority for any expenditure that is needed over and above the amounts authorised by the Appropriation (2009/10 Estimates) Act. This authority will subsequently be confirmed by the Appropriation (2009/10 Supplementary Estimates) Act, which will be passed by the end of June 2010.
3. Imprest supply will be needed for a range of items, including:
 - Cabinet spending decisions that increase appropriations or departmental net asset holdings in the 2009/10 year;
 - Any spending decisions in Budget 2010 that have implications in the 2009/10 year; and
 - Increases in appropriations from technical changes, such as the increases associated with fiscally neutral adjustments and confirming in-principle expense and capital transfers from 2008/09, and increases in demand-driven appropriations such as benefits.
4. The table below shows the amounts that we recommend be sought in the Imprest Supply (Second for 2009/10) Bill. The bulk of imprest supply would be needed for technical changes.

Imprest Supply (\$ millions)	Expenses	Capital expenditure	Net assets
Between-budget spending risks	454	85	20
Technical changes (MBU and OBU)	5,346	1,765	200
Current-year impact of Budget 2010	150	300	25
General contingency	750	550	355
Total for Imprest Supply	6,700	2,700	600

5. The amount that we recommend for expenses is more than the amount sought in the corresponding Bill last year (\$6,350 million). We consider \$6,700 million to be prudent in order to cover a number of risks present this year requiring imprest supply:
 - i. The risk of higher impairments for debt relating to Child Support, General Tax and family Support and Student Loans in Vote Revenue.
 - ii. Possible forecast changes for demand driven components of Vote Education.
 - iii. Risks of higher benefit payments in the uncertain economic environment and weak labour market.

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- iv. The upward leg of a number of large Fiscally Neutral Adjustments, particularly in Votes Education, Health and Defence Force.
- v. A likely increase in the baseline in the Other Compensation baseline (relating to the Non-earners Account) in Vote ACC, following the valuation of the ACC Scheme liability.

Some of these items are technical in nature and, despite requiring imprest supply, would not impact on the operating balance or debt.

- 6. The amount that we recommend for capital expenditure (\$2,700 million) is also higher than the amount sought in the corresponding Bill last year (\$2,300 million). Last year there was only \$150 million of imprest remaining for capital items at the end of the year. We are aware of a number of items in Votes Health and Transport that suggest it is prudent to allow for a somewhat higher level of imprest in 2009/10.
- 7. The level of imprest supply sought for net assets (\$600 million) is the same as the amount sought last year.

Between-budget spending risks

- 8. The amounts that we recommend seeking to cover between-budget spending risks are outlined in the table below:

Imprest Supply for between-budget spending risks (\$ millions)	Expenses	Capital expenditure	Net assets
Tagged contingencies	16	42	-
Risks against general contingencies	438	43	20
Total	454	85	20

Technical changes

- 9. The amounts that we recommend seeking to cover technical changes are outlined in the table below:

Imprest Supply for technical changes (\$ millions)	Expenses	Capital expenditure	Net assets
Health	340	250	-
Education	152	10	20
General	4,855	1,505	180
Total	5,346	1,765	200

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10. Of the expected technical changes in the table above:
- The Vote Health operating imprest figures allow for a number of risks, including the use of risk reserve funding, re-appropriations to manage pressures resulting from the H1N1 pandemic, re-appropriation of Demographic funding and Mental Health Blueprint allocations and the appropriation of contingency items held within the Vote awaiting further report backs.
 - 'General' is based on historical patterns, and one-off risks (many of which do not impact on the operating balance). These on-off risks include:
 - The risk of impairments of debt relating to Child Support, General Tax and Family Support and Student Loans in Vote Revenue increasing (approx \$750 million, but highly volatile). These impairments were the subject of an earlier IRD/Treasury joint report (T2009/1797);
 - Risks to demand driven Education expenses, such as Early Childhood Education, operating grants and salaries (totalling approximately \$70 million);
 - Fiscally neutral changes in Vote Education (approx \$50 million), Health (approx \$350 million), and Vote Defence Force (approx \$50 million); and
 - Potential Benefit overruns (approx \$400 million).

Other Relevant Information

Introduction of the Bill and the Imprest Supply Debate

11. The combined debate on the second reading of the Imprest Supply (Second for 2009/10) Bill and the third reading of the Appropriation (Estimates 2009/10) Bill is a three hour debate.
12. The content of the debate tends to be of a general political nature. It is the final debate on the 2009 Budget and Standing Order 330(2) states that the debate may include reference to the Fiscal Strategy Report and the Budget Economic and Fiscal Update, as well as the Finance and Expenditure Committee's report on these publications. The Minister of Finance, as the Minister in charge of the Bills, opens the debate.

Contents of the Bill

13. The finalised Bill will include an explanatory note that explains imprest supply and outlines how imprest requirements have been calculated. Annex 1 shows the text we propose to include in the Bill to explain how imprest requirements have been calculated.

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ANNEX 1 – Explanation of how imprest requirements have been calculated for the Bill, for inclusion in the Bill

General Policy Statement

1. The main components of the authority sought this year for expenses are:
 - Allowance for Cabinet decisions after the contents of the 2009/10 Estimates were finalised, particularly in the justice sector;
 - Fiscally neutral adjustments, expense transfers from 2008/09, and demand-driven expense changes that may be required between appropriations, particularly in relation to Votes ACC, Defence Force, Education, Health, Revenue, Social Development, and Transport; and
 - A contingency of around \$750 million for currently unforeseen expenses.
2. The main components of the authority sought this year for capital expenditure are:
 - Allowance for Cabinet decisions after the contents of the 2009/10 Estimates were finalised;
 - Provision for increases in appropriations relating to fiscally neutral adjustments and capital transfers from 2008/09, particularly in relation to Votes Education, Health and Transport; and
 - A contingency of around \$350 million for currently unforeseen expenditure.
3. The main components for net assets are:
 - Allowance for Cabinet decisions after the contents of the 2009/10 Estimates were finalised, particularly in relation to the Ministry of Education; and
 - A contingency provision of around \$350 million for currently unforeseen increases in net asset holdings.

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ANNEX 2 – Speaking notes for the combined debate on the second reading of the Imprest Supply (Second for 2009/10) Bill and the third reading of the Appropriation (Estimates 2009/10) Bill

International Economic Outlook

- The global economy is in one of its biggest recessions since the 1930s.
- Since the *Budget Forecasts* were finalised, there has been some stabilisation in financial markets. Equity markets have recovered from March lows and earnings reports have generally exceeded expectations.
- Commodity prices including oil have increased, reflecting greater confidence on the part of purchasers, although international dairy prices have eased recently with earlier increases being more than offset by the rising exchange rate.
- If recent trends continue, positive growth is likely later this year or early next and it is possible that trading partner growth will be stronger, particularly over 2010, than was forecast. The improvement is particularly noticeable in China, Asia, Australia and the US.

New Zealand Economic Outlook

- New Zealand has been in recession since the beginning of 2008.
- The international downturn hit our economy when it was already in recession, highlighting structural imbalances in the economy, after a number of years of strong domestic demand growth and weak tradables sector performance.
- Productivity growth has been weak.
- Growth is expected to return during the second half of 2009, but likely to be weak for some time. In the Budget Economic and Fiscal Update, GDP growth of 1.8% was forecast for the year to March 2011, increasing to 2.9% in the 2012 March year.
- Economic outlook appears to be developing in line with the Budget Update, with some signs that the international picture may be better than expected, although risks still exist. A higher than forecast exchange rate will pose further challenges to addressing the structural imbalances facing the economy.

Fiscal Outlook

- The weak economic picture is forecast to lead to a long period of deficits. Debt is projected to be under 40% of GDP by 2023, rather than around 70% as Treasury projected in the absence of a policy response.
- The Fiscal Strategy Report set out the main decisions made in the Budget to prevent debt increasing to around 70%: reducing future operating allowances, delaying second and third tranches of tax cuts, suspending contributions to the New Zealand Superannuation Fund.

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Budget 2009

Budget 2009 focussed on 3 objectives:

- Helping New Zealanders through the recession and supporting jobs.
- Lifting productivity and raising New Zealand's international competitiveness.
- Taking steps to get government debt under control.

Spending decisions focussed on increasing New Zealand's capital base and implementing the Government's priorities.

Capital spending focussed on taking the first steps towards ensuring that New Zealand is serviced by the infrastructure needed for world class performance, including investment in roads, rail, broadband and home insulation.

New operating spending included a net increase that totalled \$5.8 billion across the period from 2008/09 to 2012/13. Savings totalled over \$500 over the same period, increasing the Government's capacity to redirect new spending to priority areas.

Priorities for new spending included:

- Health;
- Education; and
- Justice.

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Treasury Report: Imprest Supply (Second for 2011/12) Bill

Date:	4 August 2011	Report No:	T2011/1680
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Approve the amounts for inclusion in the Imprest Supply (Second for 2011/12) Bill	Friday 5 July 2011

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact		
Emily Cotter	Analyst, Fiscal Management	917 6271 (wk)	<table border="1"> <tr> <td>s9(2)(a)</td> <td>✓</td> </tr> </table>	s9(2)(a)	✓
s9(2)(a)	✓				
Colin Hall	Manager, Fiscal Management	917 6277 (wk)			

Minister of Finance's Office Actions (if required)

None.

Enclosure: Yes (attached)

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4 August 2011

BM-2-5-2011

Treasury Report: Imprest Supply (Second for 2011/12) Bill

Purpose of Report

1. This report seeks your agreement to the amount of imprest supply to be sought for expenses, capital expenditure and departmental net assets in the Imprest Supply (Second for 2011/12) Bill.

Analysis

2. The Appropriation (2011/12 Estimates) Act will provide authority for most government expenditure in the 2011/12 year. The Imprest Supply (Second for 2011/12) Act will provide interim authority for any expenditure that is needed over and above the amounts authorised by the Appropriation (2011/12 Estimates) Act. This authority will subsequently be confirmed by the Appropriation (2011/12 Supplementary Estimates) Act, which will be passed by the end of June 2012.
3. Imprest supply will be needed for a range of items, including:
 - Cabinet spending decisions that increase appropriations or departmental net asset holdings in the 2011/12 year;
 - Any spending decisions in Budget 2012 that have implications in the 2011/12 year; and
 - Increases in appropriations from technical changes, such as the increases associated with fiscally neutral adjustments and confirming in-principle expense and capital transfers from 2010/11, and increases in demand-driven appropriations such as benefits.
4. The table below shows the amounts that we recommend for the Imprest Supply (Second for 2011/12) Bill. The bulk of imprest supply would be needed for technical changes and a capital contingency.

Imprest Supply (\$ millions)	Expenses	Capital expenditure	Net assets
Between-budget spending risks	1,556	647	100
Technical changes (MBU and OBU)	6,153	1,850	525
Current-year impact of Budget 2012	250	400	25
General contingency	1,541	2,603	300
Total for Imprest Supply	9,500	5,500	950

5. The amount that we recommend for expenses is more than the amount sought in the corresponding Bill last year (\$7,500 million). We consider \$9,500 million to be prudent in order to cover a number of risks present this year requiring imprest supply. The main driver of this increase is technical changes related to issues such as Canterbury Earthquake Recovery and Climate Change.
6. The amount that we recommend for capital expenditure (\$5,500 million) is also higher than the amount sought in the corresponding Bill last year (\$4,900 million).

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7. There are still a number of decisions to be made following the Canterbury earthquakes, as well as the risk of damage arising from further aftershocks, so there is generous provision made in Vote Canterbury Earthquake Recovery, the Christchurch Earthquake Recovery Fund and contingencies.
8. The level of imprest supply sought for net assets (\$700 million) is \$250 million higher than the amount sought last year, which we consider prudent to cover unforeseen changes in net asset schedules, particularly given risks associated with Canterbury earthquakes.

Between-budget spending risks

9. The amounts that we recommend seeking to cover between-budget spending risks are outlined in the table below:

Imprest Supply for between-budget spending risks (\$ millions)	Expenses	Capital expenditure	Net assets
Tagged contingencies	288	(127)	-
Risks against general contingencies	68	20	100
Christchurch Earthquake Recovery Fund	1,200	500	-
Total	1,556	647	100

Technical changes

10. The amounts that we recommend seeking to cover technical changes are outlined in the table below:

Imprest Supply for technical changes (\$ millions)	Expenses	Capital expenditure	Net assets
Agriculture & Forestry	49	-	-
Canterbury Earthquake Recovery	1,000	-	-
Climate Change	533	-	-
Conservation	15	6	19
Corrections	48	-	-
Education	274	93	-
Fisheries	21	-	-
Foreign Affairs and Trade	101	-	-
Internal Affairs	65	-	-
Justice	52	20	-
Labour	-	110	-
Statistics	12	-	-
Tertiary Education	76	-	-
Transport	142	345	-
Treaty Negotiations	-	135	-
General	3,765	1,141	506
Total	6,153	1,850	525

11. As they are technical, most of these items would not impact on the operating balance or debt, despite requiring imprest supply. The technical changes provided for in the table above cover:

- potential 'orange zone' decisions in Christchurch;
- potential changes to the ETS;

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- expense transfers and other technical changes and contingency drawdowns in Vote Education;
- contingency and other funding for the Immigration Global Management System in Vote Labour;
- provision for technical and appropriation changes relating to Auckland Metro Rail in Vote Transport;
- possible appropriation requirements for loans in Vote Treaty Negotiations; and
- 'general' is based on historical patterns calculated on the size of previous baseline updates.

Other Relevant Information

Introduction of the Bill and the Imprest Supply Debate

12. The combined debate on the second reading of the Imprest Supply (Second for 2011/12) Bill and the third reading of the Appropriation (Estimates 2011/12) Bill is a three hour debate.
13. The content of the debate tends to be of a general political nature. It is the final debate on the 2011 Budget, and Standing Order 330(2) states that the debate may include reference to the Fiscal Strategy Report and the Budget Economic and Fiscal Update, as well as the Finance and Expenditure Committee's report on these publications. You, as the Minister in charge of the Bills, open the debate.

Contents of the Bill

14. A copy of the draft bill is attached. The bill includes an explanatory note that explains imprest supply and outlines how imprest requirements have been calculated.

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Recommended Action

We recommend that you:

- a **note** that the Imprest Supply (Second for 2011/12) Bill is due to be introduced on or before 19 August and debated with the third reading of the Appropriation (2011/12 Estimates) Bill;
- b **approve** the following amounts of imprest supply to be sought in the Bill:
- Expenses: \$9,500 million;
 - Capital expenditure: \$5,500 million; and
 - Departmental net assets: \$950 million.

Agree/disagree.

Colin Hall
**Manager, Fiscal Management
for Secretary to the Treasury**

Hon Bill English
Minister of Finance

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Treasury Report: Imprest Supply (Second for 2012/13) Bill

Date:	9 August 2012	Report No:	T2012/1881
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Approve the amounts for inclusion in the Imprest Supply (Second for 2012/13) Bill	Monday 13 August, 2012

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Wayne Stevens	Senior Analyst	04 917 6910 (wk)	s9(2)(a) ✓
Colin Hall	Manager, Fiscal Management	04 917 6227 (wk)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Copies of the Bill will be provided to the Office of the Clerk by PCO. Once the Minister has signed this report, advise the Table Office of the Office of the Clerk that the Bill is ready for release.

Enclosure: Yes (attached)

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9 August 2012

BM-2-5-2012

Treasury Report: Imprest Supply (Second for 2012/13) Bill

Purpose of Report

1. This report seeks your agreement to the amount of imprest supply to be sought for expenses, capital expenditure and departmental net assets in the Imprest Supply (Second for 2012/13) Bill.

Analysis

2. The Appropriation (2012/13 Estimates) Act will provide authority for most government expenditure in the 2012/13 year. The Imprest Supply (Second for 2012/13) Act will provide interim authority for any expenditure that is needed over and above the amounts authorised by the Appropriation (2012/13 Estimates) Act. This authority will subsequently be confirmed by the Appropriation (2012/13 Supplementary Estimates) Act, which will be passed by the end of June 2013.
3. Imprest supply will be needed for a range of items, including:
 - Cabinet spending decisions that increase appropriations or departmental net asset holdings in the 2012/13 year, and
 - Increases in appropriations from technical changes, such as the increases associated with fiscally neutral adjustments and confirming in-principle expense and capital transfers from 2011/12, and increases in demand-driven appropriations such as benefits.
4. The table below shows the amounts that we recommend for the Imprest Supply (Second for 2012/13) Bill. The bulk of imprest supply would be needed for technical changes and a capital contingency.

Imprest Supply (\$ millions)	Expenses	Capital expenditure	Net assets
Between-budget spending risks	1,891	2,212	-
Technical changes (MBU and OBU)	4,252	2,494	200
General contingency	2,857	1,294	700
Total for Imprest Supply	9,000	6,000	900

5. The amount that we recommend for expenses is less than the amount sought in the corresponding Bill last year (\$9,500 million). We consider \$9,000 million will be sufficient to cover a number of risks present this year requiring imprest supply.
6. The amount that we recommend for capital expenditure (\$6,000) is higher than the amount sought in the corresponding Bill last year (\$5,500 million). Anticipated capital expenditure in Christchurch on schools, universities, hospital rebuild, and the justice sector precinct is behind this increase.

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7. There are still a number of decisions to be made following the Canterbury earthquakes, as well as the risk of damage arising from further aftershocks, so there is generous provision made in Vote Canterbury Earthquake Recovery, the Christchurch Earthquake Recovery Fund and contingencies.
8. The level of imprest supply sought for net assets (\$900 million) is \$50 million lower than the amount sought last year, but we consider will be sufficient to cover unforeseen changes in net asset schedules.

Between-budget spending risks

9. The amounts that we recommend seeking to cover between-budget spending risks are outlined in the table below:

Imprest Supply for between-budget spending risks (\$ millions)	Expenses	Capital expenditure	Net assets
Tagged contingencies	360	152	-
Canterbury Earthquake Recovery	1,500	2,000	-
Precommitments	31	60	-
Total	1,891	2,212	-

Technical changes

10. The amounts that we recommend seeking to cover technical changes are outlined in the table below:

Imprest Supply for technical changes (\$ millions)	Expenses	Capital expenditure	Net assets
Climate Change	60	-	-
Communications	-	800	-
Conservation	30	12	-
Culture and Heritage	10	15	-
Education	351	82	-
Foreign Affairs and Trade	20	-	-
Health	600	300	-
Housing	50	-	-
Justice	32	-	-
Official Development Assistance	35	-	-
Revenue	15	-	-
Tertiary Education	42	-	-
Transport	-	150	-
Treaty Settlements	35	-	-
General	2,972	1,135	200
Total	4,252	2,494	200

11. As they are technical, most of these items would not impact on the operating balance or debt, despite requiring imprest supply. The technical changes provided for in the table above cover:

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- capital expenditure in Vote Communications including an anticipated transfer from the Crown Fibre Holding annual appropriation to the Crown Fibre Holding Multi Year Appropriation;
- expense transfers and other technical changes and contingency drawdowns in Vote Education;
- capital and operating expense transfers in Vote Health;
- provision for technical and appropriation changes relating to increases in the Land Transport Fund in Vote Transport; and
- 'general' is based on historical patterns calculated on the size of previous baseline updates.

Other Relevant Information

Introduction of the Bill and the Imprest Supply Debate

12. The combined debate on the second reading of the Imprest Supply (Second for 2012/13) Bill and the third reading of the Appropriation (Estimates 2012/13) Bill is a three hour debate.
13. The content of the debate tends to be of a general political nature. It is the final debate on the 2012 Budget, and Standing Order 335(2) states that the debate may include reference to the Fiscal Strategy Report and the Budget Economic and Fiscal Update, as well as the Finance and Expenditure Committee's report on these publications. You, as the Minister in charge of the Bills, open the debate.

Contents of the Bill

14. A copy of the draft Bill is attached. The Bill includes an explanatory note that explains imprest supply and outlines how imprest requirements have been calculated.

Recommended Action

We recommend that you:

- a **note** that the Imprest Supply (Second for 2012/13) Bill is due to be introduced on 14 August and debated with the third reading of the Appropriation (2012/13 Estimates) Bill, and

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b **approve** the following amounts of imprest supply to be sought in the Bill:

- Expenses: \$9,000 million;
- Capital expenditure: \$6,000 million; and
- Departmental net assets: \$900 million.

Agree/disagree.

Colin Hall
Manager, Fiscal Management

Hon Bill English
Minister of Finance

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OFFICIAL INFORMATION ACT

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Treasury Report: Imprest Supply (second for 2013/14) Bill

Date:	29 July 2013	Report No:	T2013/1680
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	<p>Approve the amounts for inclusion on the Imprest Supply (Second for 2013/14) Bill.</p> <p>Agree that PCO prepare the Bill containing these amounts and provide it to the Office of the Clerk for introduction.</p>	None

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
John Wardrop	Senior Analyst, Fiscal & State Sector Management	04 890 7207 (wk)	s9(2)(a) ✓
Simon McLoughlin	Team Leader, Fiscal & State Sector Management	04 917 6011 (wk)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Copies of the Bill will be provided to the Office of the Clerk by PCO. Once the Minister has signed this report, **advise** the Table Office of the Office of the Clerk that the Bill is ready for release.

Enclosure: Yes (attached)

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29 July 2013

BM-2-5-2013

Treasury Report: Imprest Supply (second for 2013/14) Bill

Purpose of Report

1. This report seeks your agreement to:
 - the amount of imprest supply to be sought for expenses, capital expenditure and departmental net assets in the Imprest Supply (second for 2013/14) Bill, and
 - the Parliamentary Counsel Office providing a Bill containing these amounts to the Office of the Clerk for introduction.

Overview

2. The Appropriation (2013/14 Estimates) Act will provide authority for most government expenditure in the 2013/14 financial year. The Imprest Supply (Second for 2013/14) Act provides interim authority for any expenditure needed in 2013/14 that is not covered by this Appropriation Act. It is scheduled to be introduced and passed at the same time as the Appropriation (2013/14 Estimates) Bill is enacted. Your Office has advised that this is likely on Thursday 1 August 2013.
3. Expenditure under the Second Imprest Supply Act is required to be subsequently confirmed by the Appropriation (2013/14 Supplementary Estimates) Act, which will be passed by 30 June 2014.
4. Imprest supply will be needed for a range of items, such as:
 - capital spending decisions that increase appropriations or departmental net asset holdings in the 2013/14 financial year
 - fiscally neutral adjustments that increase the value of any appropriation – regardless of the fact that this is offset by a reduction in another appropriation
 - increases in demand-driven appropriations such as welfare benefits
 - confirmation of in-principle expense and capital transfers from 2012/13
 - draw-downs of tagged contingencies, and expenditure against the between-budget and emerging priorities contingencies, and
 - any fiscal risks that crystallise (eg an indemnity that must be met).
5. The table below shows the amounts that we recommend for the Imprest Supply (second for 2013/14) Bill. The bulk of imprest supply will be needed for technical changes and a capital contingency. There are also provisions for specifically identified spending risks and contingencies, as well as a general contingency to provide “headroom” for general requirements and decisions made during the remainder of the year.

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Imprest Supply (\$ millions)	Expenses	Capital expenditure	Net assets
Between-budget spending risks	843	931	97
Technical changes (MBU and OBU)	4,261	2,133	200
General contingency	2,896	2,436	503
Total for Imprest Supply	8,000	5,500	800

Between Budget Spending Risks

6. The amounts that we recommend seeking to cover between-budget spending risks are outlined in the table below:

Imprest Supply for between-budget spending risks (\$ millions)	Expenses	Capital Expenditure	Net Assets
Tagged contingencies	355	311	-
Between Budget & Emerging Priorities Contingencies	54	-	-
Spending Risks and Precommitments	434	620	97
Total	843	931	97

Technical Changes

7. The amounts that we recommend seeking to cover technical changes are set out in the table below. As well as items that have been specifically identified, there is a general provision for MBU and OBU updates, based on use of imprest over the previous four financial years.

Imprest Supply for technical changes (\$ millions)	Expenses	Capital Expenditure	Net Assets
Arts, Culture & Heritage	12	-	-
Canterbury Earthquake recovery	994	600	-
Communications	161	-	-
Conservation	30	-	-
Defence Force	30	-	-
Education	94	-	-
Environment	10	-	-
Finance	72	448	-
Health	296	431	-
Internal Affairs	31	-	-
Justice	51	-	-
Maori Affairs	10	-	-
Police	55	-	-
Primary Industries	40	-	-
Prime Minister and Cabinet	15	-	-
Revenue	16	-	-
Science and Innovation	45	-	-
Social Development	635	-	-
Transport	30	30	-
Treaty Negotiations	11	28	-
General	1,623	596	200
Total	4,261	2,133	200

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Risks

8. The main risk is ensuring that the amount of imprest supply authorised in the Bill is sufficient to meet the Government's requirement – both those that are currently known or reasonably anticipated. If the amount authorised in the Bill falls short of requirements, a third imprest supply bill would be required. The general contingency allowances of \$2,896 million for expenditure and \$2,436 million for capital are expected to be sufficient for decisions made over the course of the year.

Other Relevant Information

Introduction of the Bill and the Imprest Supply Debate

9. Standing Order 335 provides that:
- the debate on the third reading of the main Appropriation Bill may be taken together with the debate on the second reading of an Imprest Supply Bill (which has been past practice), and
 - that this debate may include reference to the content of the fiscal strategy report and the economic and fiscal update presented to the House on the day when the Budget was delivered, and the report of the Finance and Expenditure Committee on those documents.
10. You, as Minister in charge of the bills, open the debate. The content of the debate tends to be of a general political nature.

Comparison to Previous Years

11. The amounts of imprest sought for expenditure (\$8,000 million) and capital (\$5,500 million) are lower than the amounts requested in the 2012/13 and 2011/12 financial years, but above the amount that was actually required for those years.

Imprest Supply - Historical Amounts Sought and Required (\$ Million)					
Operating expenses	2012/13	2011/12	2010/11	2009/10	2008/09
Authority	9,000	9,500	8,300	6,700	6,350
In-year decisions charged to Imprest 2	3,341	4,143	6,275	4,126	4,304
Remainder	5,659	5,357	2,025	2,574	2,046
Capital expenses					
Authority	6,000	5,500	4,900	2,700	2,300
In-year decisions charged to Imprest 2	4,114	1,921	2,086	843	2,148
Remainder	1,886	3,579	2,814	1,857	152
Net Assets					
Authority	900	950	700	600	600
In-year decisions charged to Imprest 2	313	252	525	103	155
Remainder	587	698	175	497	445

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Contents of the Bill

12. A draft copy of the Imprest Supply (Second for 2013/14) Bill is attached. The Bill includes an explanatory note that explains imprest supply and how imprest requirements have been calculated.

Recommended Action

We recommend that you:

- a **note** that the Imprest Supply (Second for 2013/14) Bill is scheduled to be introduced and passed at the same time as the third reading of the Appropriation (2013/14 Estimates) Bill, which we understand is expected on Thursday 1 August 2013
- b **approve** the following amounts of imprest supply being sought in the Bill:
- expenses: \$8,000 million
 - capital expenditure: \$5,500 million, and
 - departmental net assets: \$800 million

Yes/No.

- c **note** the attached draft bill containing these amounts that has been prepared by the Parliamentary Counsel Office (PCO), and
- d **agree** that PCO provides finalised copies of the Bill, containing the amounts in recommendation b above, to the Office of the Clerk for introduction.

Agree/disagree.

Simon McLoughlin
Team Leader

Hon Bill English
Minister of Finance

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Treasury Report: Imprest Supply (Second for 2014/15) Bill

Date:	4 June 2014	Report No:	T2014/752
		File Number:	BM-2-5-2014

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	<p>Approve the amounts for inclusion in the Imprest Supply (Second for 2014/15) Bill.</p> <p>Agree that PCO prepare the Bill containing these amounts and provide it to the Office of the Clerk for introduction.</p>	17 June 2014

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
John Wardrop	Senior Analyst, Fiscal & State Sector Management	04 890 7207 (wk)	s9(2)(a)	✓
Simon McLoughlin	Team Leader, Fiscal and State Sector Management	04 917 6011 (wk)		

Actions for the Minister's Office Staff (if required)

Return the signed report to the Treasury.

Enclosure: No

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Treasury Report: Imprest Supply (Second for 2014/15) Bill

Purpose of Report

1. This report seeks your agreement to the amount of imprest supply to be sought for expenses, capital expenditure and capital injections in the Imprest Supply (second for 2014/15) Bill.

Analysis

Purpose of the Second Imprest Bill

2. The Appropriation (2014/15 Estimates) Bill provides authority for most government expenditure in the 2014/15 financial year. The Imprest Supply (Second for 2014/15) Bill is enacted at the same time as this Appropriation Bill, and provides interim authority for expenditure that occurs during the year and is not covered by the Appropriation Bill. Imprest supply may be needed for a range of post-Budget items, such as:
 - capital spending decisions (which may also require capital injections to departments in some cases)
 - fiscally neutral adjustments that increase the value of any appropriation – regardless of the fact that this may be offset by a reduction in another appropriation
 - any increases in demand-driven appropriations such as welfare benefits
 - confirmation of in-principle expense and capital transfers
 - draw-downs of tagged contingencies, and expenditure against the between-budget contingency, and
 - any risks that crystallise (e.g., an indemnity that must be met).
3. Expenditure incurred under the authority sought in this Bill is required to be subsequently confirmed in the Appropriation (2014/15 Supplementary Estimates) Bill, which must be passed by 30 June 2015.

Process and the Impact of the Election

4. As previously advised [Treasury Report T2014/599 refers], Standing Orders ordinarily require that the 2014/15 Appropriations Bill is passed within three months of the date that the Budget is delivered to Parliament (i.e., by 15 August). However, the timing of the 2014 Election means that two possibilities need to be provided for:
 - i. the Appropriations Act is passed before the Parliament rises at the end of July, or
 - ii. the Appropriations Act is not passed until Parliament resumes sitting after the election – in which case it might not be enacted until December.

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Amounts Sought

5. To deal with the potential impact of the election, detailed above, the amounts recommended for this Imprest Bill are calculated to be sufficient to meet requirements from 31 July through to the end of the fiscal year – approximately one month longer than a second imprest bill is normally required to cover.
6. The calculations are based on our best current information about likely policy decisions, anticipated technical adjustments, current contingency provisions and risks. They also include a substantial general contingency. However, if a very large unexpected crystallised, or an incoming government decided that it wished to undertake a major restructuring of appropriations after the election, then the amounts sought might not be sufficient to provide for this. In such an eventuality, a third imprest bill would be required.
7. The table below shows the amounts that we recommend for the Imprest Supply (second for 2014/15) Bill.

Imprest Supply (\$ millions)	Expenses	Capital expenditure	Net assets
Tagged & between-budget contingencies	193	214	-
Technical changes (MBU and OBU)	770	186	1
Policy changes & pre-commitments	1,757	3,654	-
General contingency	4,280	2,446	599
Total for Imprest Supply	7,000	6,500	600

Tagged and Between Budget Contingencies

8. The 2014 Budget allocated a number of spending decisions to tagged contingencies, where the funding is not able to be drawn-down or placed into appropriations until the criteria associated with the contingency are met. Contingency amounts were also allowed for between-budget spending decisions and emerging priorities, which are also not put into appropriations until decisions have been made. These appropriation changes must be covered, in the interim, by imprest supply.
9. The amounts that we recommend seeking to cover tagged contingencies and between-budget spending risks are outlined in the table below:

Imprest Supply for tagged contingencies and between-budget spending risks (\$ millions)	Expenses	Capital Expenditure	Capital Injections
Tagged contingencies	137	214	-
Between Budget Contingency	50	-	-
Emerging Priorities Contingency	6	-	-
Total	193	214	-

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Technical Changes

10. The amounts that we recommend seeking to cover technical changes are set out in the table below. These are primarily due to anticipated fiscally neutral transfers of funding between appropriations.

Imprest Supply for technical changes (\$ millions)	Expenses	Capital Expenditure	Capital Injections
Canterbury Earthquake Recovery	200	150	-
Communications and Consumer Affairs	37	-	-
Conservation	15	-	-
Corrections	18	-	-
Defence	100	-	-
Education	132	-	-
Foreign Affairs and Trade	20	-	-
Justice Sector	95	-	-
Primary Industries	75	36	-
Revenue	57	-	1
Social Development	10	-	-
Tertiary Education	10	-	-
Total	770	186	1

Policy Changes, Risks and Pre-Commitments

11. The table below sets out the amounts that we recommend seeking to provide for:
- spending pre-commitments that have not yet been reflected in appropriations,
 - potential policy decisions that have not yet been reflected in appropriations, and
 - identified risks that may crystallise.

Imprest Supply for policy changes and pre-commitments - (\$ millions)	Expenses	Capital Expenditure	Capital Injections
Canterbury Earthquake Recovery	1,233	450	-
Economic Development	10	-	-
Finance	50	50	-
Health	80	2,485	-
Housing	-	75	-
Justice	40	-	-
Primary Industries	39	-	-
Social Development	58	-	-
Tertiary Education	47	94	-
Transport	200	500	-
Total	1,757	3,654	-

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12. Of particular note are:

- the large capital expenditure amount associated with Vote Health, which is due to anticipated conversion of loans to District Health Boards (DHBs) into equity, and
- A significant expenses provision to cover a number of potential policy decisions associated with Vote Canterbury Earthquake Recovery – s9(2)(j)

s9(2)(j)

Risks

13. The main risk is ensuring that the amount of imprest supply authorised in the Bill is sufficient to meet the Government's requirement – both those that are currently known or reasonably anticipated. If the amount authorised in the Bill falls short of requirements, a third imprest supply bill would be required. The general contingency allowances of \$4,280 million for expenditure, \$2,446 million for capital expenditure, and \$599 million for capital injections are expected to be sufficient for decisions made over the course of the year.

Other Relevant Information

Introduction of the Bill and the Imprest Supply Debate

14. Standing Order 335 provides that:

- the debate on the third reading of the main Appropriation Bill may be taken together with the debate on the second reading of an Imprest Supply Bill (which has been past practice), and
- that this debate may include reference to the content of the fiscal strategy report and the economic and fiscal update presented to the House on the day when the Budget was delivered, and the report of the Finance and Expenditure Committee on those documents.

15. You, as Minister in charge of the bills, open the debate. The content of the debate tends to be of a general political nature.

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Comparison to Previous Years

16. The table below shows the amounts of imprest supply that have been sought and used for the previous five financial years.

Imprest Supply - Historical Amounts Sought and Required (\$ Million)					
Operating expenses	2013/14*	2012/13	2011/12	2010/11	2009/10
Authority	8,000	9,000	9,500	8,300	6,700
In-year decisions charged to Imprest 2	3,822	3,341	4,143	6,275	4,126
Remainder	4,178	5,659	5,357	2,025	2,574
Capital expenses					
Authority	5,500	6,000	5,500	4,900	2,700
In-year decisions charged to Imprest 2	2,467	4,114	1,921	2,086	843
Remainder	3,033	1,886	3,579	2,814	1,857
Net Assets					
Authority	800	900	950	700	600
In-year decisions charged to Imprest 2	180	313	252	525	103
Remainder	620	587	698	175	497

* The amount shown as charged against imprest supply is only up to 30 April 2014. The amount for the full financial year is not yet available.

17. The amount sought for expenses is lower than in recent years, particularly the 2011/12 and 2012/13 years where the amounts were inflated by earthquake-related items. In contrast, the amount of capital expenditure sought is slightly higher than in recent years, due to the anticipated requirement to convert DHB loans into equity. The amount sought for capital injections is comparable to the authority sought for increases in net assets¹ in previous years.

Preparation of the Bill

18. Following your agreement to the amounts to be sought, Parliamentary Counsel Office will prepare a draft Imprest Bill for introduction. This Bill will include an explanatory note that explains imprest supply and how imprest requirements have been calculated.

Recommended Action

We recommend that you:

- a **note** that the Imprest Supply (Second for 2014/15) Bill is scheduled to be introduced and passed at the same time as the third reading of the Appropriation (2014/15 Estimates) Bill
- b **note** that the timing of the 2014 Election means that the date on which the Appropriation (2014/15 Estimates) Bill will pass is uncertain, and the calculated amounts allow for passage as early as July, or as late as December

¹ Changes to the Public Finance Act 1989 mean that it is not capital injections, rather than increases in net asset holdings, that require authorisation.

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c **approve** the following amounts of imprest supply being sought in the Bill:

- expenses: \$7,000 million
- capital expenditure: \$6,500 million, and
- capital injections: \$600 million.

Yes/No.

d **note** that, subject to your agreement to these amounts, a draft bill containing these amounts will be prepared by the Parliamentary Counsel Office (PCO), and

e **agree** that PCO provides the finalised copies of this Bill, containing the amounts in recommendation c above, to the Office of the Clerk for introduction.

Agree/disagree.

Simon McLoughlin
Team Leader, Fiscal and State Sector Management

Hon Bill English
Minister of Finance