# EXPLANATORY NOTES FOR MEMBERS OF THE NATIONAL PARLIAMENT

*APPROPRIATION (RECURRENT EXPENDITURE 2012) BILL 2011*

The purpose of the *Appropriation (Recurrent Expenditure 2012) Bill 2011* is to appropriate a sum of **K8,496,544,100** for expenditure for the year ending 31 December 2012 as required under Section 209(2)(c) of the Constitution as amended.

This Bill will establish total appropriations in 2012 of **K8,496,544,100** comprising:

| | 2011 Revised Total Appropriations (K Millions) | 2012 Personnel Emoluments (K Millions) | 2012 Goods and Services (K Millions) | *2012 Total (K Millions)* |
|---|---|---|---|---|
| National Depts. | 3,432.2 | 1,381.1 | 2,428.7 | **3,809.8** |
| Statutory Auth, | 319.2 | 205.4 | 155.3 | **360.7** |
| Others (Debt Serv) | 430.4 | - | 3,021.6 | **3,021.6** |
| Provinces | 1,109.3 | 970.5 | 333.9 | **1,304.4** |
| **Total** | **5,291.1** | **2,557.0** | **5,939.5** | **8,496.5** |

The *Appropriation (Recurrent Expenditure 2012) Bill 2011* has One Part covering Nine sections.

***Section One*** - Allows the Secretary for Treasury to issue **K8,496,544,100** out of the Consolidated Revenue Fund for the ordinary purposes of the Public Service. This section requires the prior authorisation of the Minister for Treasury. In practice, this authorisation will likely occur before 31 December 2011 in order that the ordinary activities of the Public Service can commence on 1 January 2012.

***Section Two*** – Establishes that the ordinary activities of the Public Service are defined as per the Budget Books published with the Budget Speech.

***Section Three*** – Identifies the circumstances under which transfers from the Secretary's Advance (held in Division 207) may be spent. The section also identifies that amounts appropriated to Division 299 for the purposes of paying interest, fees or charges related to the issuance of Government debt may not be transferred from Division 299 under this section.

***Section Four*** – Identifies the circumstances under which the Secretary for Treasury may authorize transfers between activities identified in the Bill. The section recognizes that during the Budget year agency circumstances may change necessitating a reallocation of funding within the agency. For example, this might involve the transfer of funding to meet unforeseen liabilities or to allow for the reprioritization of activities.

The Section works to ensure that the will of the Parliament is not circumvented. The section also identifies that amounts appropriated to Division 299 for the purposes of paying interest, fees or charges related to the issuance of Government debt may not be transferred from Division 299 under this section.

***Section Five*** – Provides the Secretary for Treasury with the authority to delegate his powers under Section 3 and 4 of the Bill to an officer, or officers, in the Department of Treasury.

***Section Six*** – Identifies the circumstances under which transfers from Division 299 (Debt Services) may occur. The Section recognizes that interest, fees and charges may vary within the year due to variations in the level of Government debt. Such variations might lead to savings that could be transferred to other activities. This would undermine the will of the Parliament.

Due to the magnitude of the appropriations (and potential savings) it is prudent to place strict controls on the extent of any transfers.

In the event that actual expenses are to be lower than forecast at Budget or in the published Mid Year Economic and Fiscal Outlook, the section operates to define the circumstances under which transfers are permitted. This section includes a requirement to publish a notice of intention to transfer funds before any transfer occurs.

***Section Seven*** – Recognises that from time to time the Government will transfer activities between agencies. The Section operates to ensure that relevant appropriations are also transferred with the responsibility for the activity.

***Section Eight*** – Requires the publication of a quarterly report detailing all transfers between activities. The report will be published four times a year in the National Gazette.

***Section Nine*** - Requires that a copy of each direction made under Section 3 or 4 be provided to the Auditor-General at the conclusion of the financial year.