

# **Appropriation (2020/21 Confirmation and Validation) Bill**

Government Bill

## **Explanatory note**

### **General policy statement**

It is a basic constitutional principle that the Government can spend public money and incur expenses and capital expenditure only in accordance with appropriations made by an Act of Parliament and in an otherwise lawful manner.

However, Parliament has, in the Public Finance Act 1989 (the **Act**), conferred limited authority on the Governor-General, by Order in Council, to vary appropriations made by Parliament and on the Minister of Finance to approve expenditure in excess of an existing appropriation by Parliament. Any other unappropriated expenditure must be validated by an Appropriation Act.

### *Confirming Public Finance (Transfers Between Outputs) Order 2021*

Section 26A of the Act authorises the Governor-General, by Order in Council, to direct that an amount appropriated in a Vote for an output expense be transferred to another output expense appropriation in that Vote. There are 3 restrictions. First, the transfer must not increase that appropriation for the financial year by more than 5%. Second, there must not have been any other transfer under section 26A of the Act to that appropriation during the financial year. Third, the total amount appropriated for all output expense appropriations for that Vote for the financial year must remain unaltered. A clause that confirms those Orders in Council must be included in an Appropriation Bill that applies to that financial year.

This Bill confirms the Public Finance (Transfers Between Outputs) Order 2021, which was made under section 26A of the Act (*clause 5*).

### *Validating unappropriated expenditure*

Section 26C of the Act requires the incurring of expenses or capital expenditure without appropriation, or other authority, by or under an Act to be validated by an Act of Parliament.

For the 2020/21 financial year, certain expenses and capital expenditure were incurred that require validation by this Bill in accordance with section 26C of the Act. *Clause 6* validates these expenses and capital expenditure, the details of which are set out in *Schedules 1 to 3*, as follows:

- *Schedule 1* contains details of expenses incurred in excess, but within the scope, of existing appropriations and without the authority of an Imprest Supply Act:
- *Schedule 2* contains details of expenses incurred not within the scope of any existing appropriations and without the authority of an Imprest Supply Act:
- *Schedule 3* contains details of expenses and capital expenditure incurred without appropriation and without the authority of an Imprest Supply Act.

The Bill also validates expenses and capital expenditure incurred in the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 financial years by the following departments not within the scope of any existing appropriation and without the authority of an Imprest Supply Act:

- Inland Revenue Department (*clause 7*):
- Ministry of Business, Innovation, and Employment (*clause 8*):
- Ministry of Education (*clauses 9 and 10*).

### Departmental disclosure statement

A departmental disclosure statement is not required for this Bill.

### Clause by clause analysis

*Clause 1* is the Title clause.

*Clause 2* is the commencement clause. The Bill comes into force on the day after the date on which it receives the Royal assent.

*Clause 3* states the purpose of the Bill, which is to confirm and validate matters relating to the 2020/21 financial year and to validate matters relating to the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 financial years.

*Clause 4* is an interpretation clause.

*Clause 5* confirms the Public Finance (Transfers Between Outputs) Order 2021. That order, which came into force on 30 June 2021, directed that fiscally neutral transfers be made decreasing the amounts appropriated for certain output expense appropriations and increasing the amounts appropriated for certain other output expense appropriations.

*Clause 6* validates, for the purposes of section 26C of the Public Finance Act 1989, the incurring of expenses and capital expenditure by departments for the 2020/21 financial year without appropriation, or other authority, by or under an Act. The expenses and capital expenditure validated by this clause are set out in *Schedules 1 to 3*.

*Clause 7* validates expenses incurred by the Inland Revenue Department in the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 financial years not within the scope of any existing appropriation and without the authority of an Imprest Supply Act.

*Clause 8* validates expenses incurred by the Ministry of Business, Innovation, and Employment in the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 financial years not within the scope of any existing appropriation and without the authority of an Imprest Supply Act.

*Clause 9* validates expenses incurred by the Ministry of Education in the 2016/17, 2017/18, and 2018/19 financial years not within the scope of any existing appropriation and without the authority of an Imprest Supply Act.

*Clause 10* validates capital expenditure incurred by the Ministry of Education in the 2017/18 and 2019/20 financial years not within the scope of any existing appropriation and without the authority of an Imprest Supply Act.



*Hon Grant Robertson*

## **Appropriation (2020/21 Confirmation and Validation) Bill**

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**Schedule 3**

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**Validation of expenses and capital expenditure incurred  
without appropriation and without authority of Imprest  
Supply Act for 2020/21 financial year**

**The Parliament of New Zealand enacts as follows:**

**1 Title**

This Act is the Appropriation (2020/21 Confirmation and Validation) Act **2022**.

**2 Commencement**

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This Act comes into force on the day after the date on which it receives the Royal assent.

**3 Purpose**

The purpose of this Act is to—

- (a) confirm and validate matters relating to the 2020/21 financial year; and 10
- (b) validate matters relating to the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 financial years.

**4 Interpretation**

(1) In this Act,—

- 2015/16 financial year** means the financial year ending with 30 June 2016 15
- 2016/17 financial year** means the financial year ending with 30 June 2017
- 2017/18 financial year** means the financial year ending with 30 June 2018
- 2018/19 financial year** means the financial year ending with 30 June 2019
- 2019/20 financial year** means the financial year ending with 30 June 2020
- 2020/21 financial year** means the financial year ending with 30 June 2021. 20

(2) Terms or expressions used and not defined in this Act but defined in the Public Finance Act 1989 have, in this Act, the same meanings as in the Public Finance Act 1989.

**5 Confirmation of Order in Council directing transfer of amounts between output expense appropriations**

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The Public Finance (Transfers Between Outputs) Order 2021 is confirmed.

- 6 Validation of unappropriated expenses and capital expenditure for 2020/21 financial year**
- (1) The incurring of expenses or capital expenditure by a department in the circumstances set out in **subsection (2), (3), or (4)** is validated for the purposes of section 26C of the Public Finance Act 1989. 5
- (2) The circumstances in this subsection are that,—
- (a) for the 2020/21 financial year, the department incurred expenses in excess, but within the scope, of the existing appropriations set out in **column 3 of Schedule 1** alongside that department; and
- (b) the expenses referred to in **paragraph (a)** were not incurred under the authority of an Imprest Supply Act. 10
- (3) The circumstances in this subsection are that,—
- (a) for the 2020/21 financial year, the department incurred expenses, not within the scope of any existing appropriation, against the categories of expenses set out in **column 3 of Schedule 2** alongside that department; and 15
- (b) the expenses referred to in **paragraph (a)** were not incurred under the authority of an Imprest Supply Act.
- (4) The circumstances in this subsection are that,—
- (a) for the 2020/21 financial year, the department incurred expenses or capital expenditure, without appropriation, against the categories of expenses or capital expenditure set out in **column 3 of Schedule 3** alongside that department; and 20
- (b) the expenses or capital expenditure referred to in **paragraph (a)** were not incurred under the authority of an Imprest Supply Act. 25
- (5) In this section,—
- capital expenditure** means the amount of capital expenditure set out in **column 4 of Schedule 3** alongside the relevant department
- department** means a department specified in **column 1** of, as appropriate, **Schedule 1, 2, or 3** 30
- expenses** means the amount of expenses set out in **column 4** of, as appropriate, **Schedule 1, 2, or 3** alongside the relevant department.
- 7 Validation of unappropriated expenses incurred by Inland Revenue Department for 2015/16 to 2019/20 financial years**
- (1) The incurring of expenses by the Inland Revenue Department for Vote Revenue in the circumstances set out in **subsection (2)** is validated. 35
- (2) The circumstances are that—
- (a) the amount of the expenses is,—
- (i) for the 2015/16 financial year, \$250,000:

- (ii) for the 2016/17 financial year, \$1,200,000:
  - (iii) for the 2017/18 financial year, \$1,250,000:
  - (iv) for the 2018/19 financial year, \$1,600,000:
  - (v) for the 2019/20 financial year, \$1,800,000; and
  - (b) the expenses were incurred on making payments that were not within the parameters of the Parental Leave and Employment Protection Act 1987 following its amendment in 2016; and 5
  - (c) the expenses—
    - (i) were not within the scope of any existing appropriation; and
    - (ii) were not incurred under the authority of an Imprest Supply Act. 10
- 8 Validation of unappropriated expenses incurred by Ministry of Business, Innovation and Employment for 2015/16 to 2019/20 financial years**
- (1) The incurring of expenses by the Ministry of Business, Innovation and Employment for Vote Business, Science and Innovation in the circumstances set out in **subsection (2)** is validated. 15
  - (2) The circumstances are that—
    - (a) the amount of the expenses is,—
      - (i) for the 2015/16 financial year, \$290,000:
      - (ii) for the 2016/17 financial year, \$178,000:
      - (iii) for the 2017/18 financial year, \$201,000: 20
      - (iv) for the 2018/19 financial year, \$189,000:
      - (v) for the 2019/20 financial year, \$108,000; and
    - (b) the expenses were incurred to recognise the fair value write-down of non-interest bearing loans entered into by the Energy Efficiency and Conservation Authority under the Crown Energy Efficiency Loan Scheme; and 25
    - (c) the expenses—
      - (i) were not within the scope of any existing appropriation; and
      - (ii) were not incurred under the authority of an Imprest Supply Act.
- 9 Validation of unappropriated expenses incurred by Ministry of Education for 2016/17 to 2018/19 financial years** 30
- (1) The incurring of expenses by the Ministry of Education for Vote Education in the circumstances set out in **subsection (2)** is validated.
  - (2) The circumstances are that—
    - (a) the amount of the expenses is,— 35
      - (i) for the 2016/17 financial year, \$697,000:



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- (ii) for the 2017/18 financial year, \$583,000:
  - (iii) for the 2018/19 financial year, \$882,000; and
  - (b) the expenses were incurred in implementing approved school support and schooling improvement projects, along with related capital expenditure incurred within the scope of the School Support Project appropriation; and 5
  - (c) the expenses—
    - (i) were not within the scope of any existing appropriation; and
    - (ii) were not incurred under the authority of an Imprest Supply Act.
- 10 Validation of unappropriated capital expenditure incurred by Ministry of Education for 2017/18 and 2019/20 financial years 10**
- (1) The incurring of capital expenditure by the Ministry of Education for Vote Tertiary Education in the circumstances set out in **subsection (2)** is validated.
  - (2) The circumstances are that—
    - (a) the amount of the capital expenditure is,— 15
      - (i) for the 2017/18 financial year, \$414,000:
      - (ii) for the 2019/20 financial year, \$1,840,000; and
    - (b) the capital expenditure was incurred on transferring, to tertiary education institutions, part of the sale proceeds of land and buildings beneficially owned by them under the Crown Asset Transfer and Disposal policy; 20  
and
    - (c) the capital expenditure—
      - (i) was not within the scope of any existing appropriation; and
      - (ii) was not incurred under the authority of an Imprest Supply Act.

## Schedule 1

Validation of expenses incurred in excess, but within scope, of  
existing appropriations and without authority of Imprest Supply Act  
for 2020/21 financial year

<b>s 6</b>				5
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	
<b>Administering department</b>	<b>Vote</b>	<b>Appropriation</b>	<b>Amount \$(000)</b>	
<b>Internal Affairs, Department of</b>	Internal Affairs	<b>Benefits or Related Expenses</b>		
		Rates Rebate Scheme	1,623	
		<b>Departmental Output Expenses</b>		
		Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Operating Expenses	969	
<b>New Zealand Defence Force</b>	Defence Force	<b>Non-Departmental Other Expenses</b>		
		Racing Safety Development Fund	28	
		<b>Non-Departmental Other Expenses</b>		
		Service Cost - Veterans' Entitlements	78,904	

**Schedule 2**  
**Validation of expenses incurred not within scope of existing**  
**appropriations and without authority of Imprest Supply Act for**  
**2020/21 financial year**

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<b>Column 1</b> <b>Administering</b> <b>department</b>	<b>Column 2</b> <b>Vote</b>	<b>Column 3</b> <b>Category of expenses</b>	<b>Column 4</b> <b>Amount</b> <b>\$(000)</b>
<b>Business, Innovation and Employment, Ministry of</b>	Business, Science and Innovation	<b>Non-Departmental Output Expenses</b> Tourism: Marketing New Zealand as a Visitor Destination	13,470
<b>Inland Revenue Department</b>	Revenue	<b>Benefits or Related Expenses</b> Paid Parental Leave Payments	1,450

**Schedule 3**  
**Validation of expenses and capital expenditure incurred without appropriation and without authority of Imprest Supply Act for 2020/21 financial year**

<b>Column 1</b> <b>Administering department</b>	<b>Column 2</b> <b>Vote</b>	<b>Column 3</b> <b>Category of expenses or capital expenditure</b>	<b>Column 4</b> <b>Amount \$ (000)</b>
<b>Business, Innovation and Employment, Ministry of</b>	Business, Science and Innovation	<b>Non-Departmental Other Expenses</b> Energy and Resources: Fair Value Write Down on Loans and Investments	37
<b>Culture and Heritage, Ministry for</b>	Arts, Culture and Heritage	<b>Multi-Category</b> COVID-19: Media Sector Response and Recovery	47
<b>Education, Ministry of</b>	Tertiary Education	<b>Non-Departmental Capital Expenditure</b> Tertiary Education Institutions' Proceeds from Disposal of Crown assets	6,131
<b>Housing and Urban Development, Ministry of</b>	Housing and Urban Development	<b>Non-Departmental Capital Expenditure</b> Te Puke Tāpapatanga a Hape (Ihumātao)	29,900

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