

Appropriation (2022/23 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 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 approved unappropriated expenditure

Section 4 of the Act prohibits the incurring of expenses or capital expenditure, except as expressly authorised by an appropriation, or other authority, by or under an Act. Sections 8 and 9 of the Act require appropriations to be limited to a specified amount and limited to the scope of the appropriation.

Section 26B of the Act authorises the Minister of Finance to approve the incurring of expenses or capital expenditure in the last 3 months of the financial year in excess, but within the scope, of an existing appropriation by Parliament. This is subject to a limit that is the greater of \$10,000 and 2% of the total amount appropriated for that appropriation by all Appropriation Acts for that financial year. The approval must be given not later than 3 months after the end of the financial year concerned. Expenses and capital expenditure incurred under the approval must be confirmed in an Appropriation Bill that applies to that financial year.

This Bill confirms expenses incurred for the 2022/23 financial year with the approval of the Minister of Finance under section 26B of the Act (*clause 5*). Details of this confirmation are set out in *Schedule 1*.

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 2022/23 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 2 to 6* as follows:

- *Schedule 2* contains details of expenses that were incurred in excess, but within the scope, of an existing appropriation and with the authority of an Imprest Supply Act:
- *Schedule 3* contains details of expenses and capital expenditure incurred in excess, but within the scope, of existing appropriations and without the authority of an Imprest Supply Act:
- *Schedule 4* contains details of expenses that were incurred not within the scope of any existing appropriations and without the authority of an Imprest Supply Act:
- *Schedule 5* contains details of expenses incurred in advance of appropriation and without the authority of an Imprest Supply Act:
- *Schedule 6* contains details of capital expenditure incurred without appropriation and without the authority of an Imprest Supply Act.

This Bill also validates expenses incurred in the 2021/22 financial year by the Ministry of Education and the Ministry of Social Development not within the scope of any existing appropriation and without the authority of an Imprest Supply Act.

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 Royal assent.

Clause 3 states the purpose of the Bill, which is to confirm and validate matters relating to the 2022/23 financial year and to validate matters relating to the 2021/22 financial year.

Clause 4 defines terms used in the Bill.

Clause 5 confirms the incurring of expenses for the 2022/23 financial year in excess, but within the scope, of an existing appropriation in accordance with the approval of the Minister of Finance under section 26B of the Public Finance Act 1989. The expenses confirmed by this clause are set out in *Schedule 1*.

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 2022/23 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 2 to 6*.

Clause 7 validates expenses incurred by the Ministry of Education in the 2021/22 financial year without appropriation, or other authority, by or under an Act.

Clause 8 validates expenses incurred by the Ministry of Social Development in the 2021/22 financial year without appropriation, or other authority, by or under an Act.

Hon Nicola Willis

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The Parliament of New Zealand enacts as follows:

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| <p>1 Title
 This Act is the Appropriation (2022/23 Confirmation and Validation) Act 2024.</p> | |
| <p>2 Commencement
 This Act comes into force on the day after Royal assent.</p> | 5 |
| <p>3 Purpose
 The purpose of this Act is to—</p> <p>(a) confirm and validate matters relating to the 2022/23 financial year; and</p> <p>(b) validate 2 matters relating to the 2021/22 financial year.</p> | 10 |
| <p>4 Interpretation</p> <p>(1) In this Act,—</p> <p>2021/22 financial year means the financial year ending with 30 June 2022</p> <p>2022/23 financial year means the financial year ending with 30 June 2023.</p> <p>(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.</p> | 15 |
| <p>5 Confirmation of expenses incurred in excess of existing appropriation and approved by Minister of Finance</p> <p>(1) The incurring of expenses approved by the Minister of Finance under section 26B of the Public Finance Act 1989 for the 2022/23 financial year and described in subsections (2) and (3) is confirmed.</p> <p>(2) The expenses are the expenses incurred in excess, but within the scope, of the existing appropriation set out in column 3 of Schedule 1.</p> | 20 |

- (3) The amount of the approved expenses is shown in **column 4 of Schedule 1** alongside the existing appropriation for which the approval was given.
- 6 Validation of unappropriated expenses and capital expenditure for 2022/23 financial year**
- (1) The incurring of expenses or capital expenditure by a department in the circumstances set out in **subsection (2), (3), (4), (5), or (6)** 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 2022/23 financial year, the department incurred expenses in excess, but within the scope, of the existing appropriations set out in **column 3 of Schedule 2** alongside that department; and 10
- (b) the expenses referred to in **paragraph (a)** were incurred under the authority of an Imprest Supply Act.
- (3) The circumstances in this subsection are that,—
- (a) for the 2022/23 financial year, the department incurred expenses or capital expenditure in excess, but within the scope, of the existing appropriations set out in **column 3 of Schedule 3** alongside that department; and 15
- (b) the expenses or capital expenditure referred to in **paragraph (a)** were not incurred under the authority of an Imprest Supply Act. 20
- (4) The circumstances in this subsection are that,—
- (a) for the 2022/23 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 4** alongside that department; and 25
- (b) the expenses referred to in **paragraph (a)** were not incurred under the authority of an Imprest Supply Act.
- (5) The circumstances in this subsection are that,—
- (a) for the 2022/23 financial year, the department incurred expenses in advance of the appropriation set out in **column 3 of Schedule 5** alongside that department; and 30
- (b) the expenses referred to in **paragraph (a)** were not incurred under the authority of an Imprest Supply Act.
- (6) The circumstances in this subsection are that,—
- (a) for the 2022/23 financial year, the department incurred capital expenditure, without appropriation, against the category of capital expenditure set out in **column 3 of Schedule 6** alongside that department; and 35
- (b) the capital expenditure referred to in **paragraph (a)** was not incurred under the authority of an Imprest Supply Act.

- (7) In this section,—
- capital expenditure** means the amount of capital expenditure set out in **column 4** of, as appropriate, **Schedule 3 or 6** alongside the relevant department
- department** means a department specified in **column 1** of, as appropriate, **Schedule 2, 3, 4, 5, or 6** 5
- expenses** means the amount of expenses set out in **column 4** of, as appropriate, **Schedule 2, 3, 4, or 5** alongside the relevant department.
- 7 Validation of unappropriated expenses incurred by Ministry of Education for 2021/22 financial year**
- (1) The incurring of expenses by the Ministry of Education for Vote Education in the circumstances set out in **subsection (2)** is validated. 10
- (2) The circumstances are that—
- (a) the amount of the expenses is \$7,358,000; and
- (b) the expenses were incurred in making payments to providers of school lunches to schools and kura with high concentrations of disadvantage to cover— 15
- (i) fixed costs of the providers in being available to provide a service that was unable to be delivered because of COVID-19-related restrictions; and
- (ii) alternative services provided by the providers in light of the altered needs of communities due to the COVID-19-related conditions at the time; and 20
- (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. 25
- 8 Validation of unappropriated expenses incurred by Ministry of Social Development for 2021/22 financial year**
- (1) The incurring of expenses by the Ministry of Social Development for Vote Social Development in the circumstances set out in **subsection (2)** is validated. 30
- (2) The circumstances are that—
- (a) the amount of the expenses is \$155,000; and
- (b) the expenses were incurred in making payments for the training incentive allowance that were not in accordance with the relevant criteria for the programme set out in secondary legislation made under section 101 of the Social Security Act 2018; and 35
- (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.

Schedule 1
Confirmation of expenses incurred in excess, but within scope, of
existing appropriation for 2022/23 financial year with approval of
Minister of Finance

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Amount \$(000)
New Zealand Customs Service	Customs	Departmental Output Expenses Travellers Clearance and Enforcement	532

s 5 5

Schedule 2

**Validation of expenses incurred in excess, but within scope, of
existing appropriation and with authority of Imprest Supply Act for
2022/23 financial year**

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Amount \$(000)
Conservation, Department of	Conservation	Non-Departmental Output Expenses Community Conservation Funds	103
		Non-Departmental Other Expenses Provision for Bad and Doubtful Debts	425

s 6 5

Schedule 3

Validation of expenses and capital expenditure incurred in excess,
but within scope, of existing appropriations and without authority of
Imprest Supply Act for 2022/23 financial year

Column 1 Administering department	Column 2 Vote	Column 3 Appropriation	Column 4 Amount \$(000)		
Conservation, Department of	Conservation	Departmental Output Expenses			
		Management of Recreational Opportunities	6,144		
		Non-Departmental Capital Expenditure			
		Molesworth Recreation Reserve - Purchase of Farming Assets	11,691		
		Non-Departmental Output Expenses			
		Community Conservation Funds	998		
		Non-Departmental Other Expenses			
		Impairment of Public Conservation Land	32,129		
		Health, Ministry of	Health	Non-Departmental Other Expenses	
				International Health Organisations	47
Legal Expenses	145				
Inland Revenue Department	Revenue	Non-Departmental Other Expenses			
		Impairment of Debt and Debt Write-Offs	282,609		

s 6 5

Schedule 4
Validation of expenses incurred not within scope of existing
appropriations and without authority of Imprest Supply Act for
2022/23 financial year

Column 1 Administering department	Column 2 Vote	Column 3 Category of expenses	Column 4 Amount \$(000)
Education, Ministry of	Education	Multi-Category Outcomes for Target Student Groups	1,136
Social Development, Ministry of	Social Development	Benefits or Related Expenses Accommodation Assistance Childcare Assistance Training Incentive Allowance	554 89 160

s 6 5

Schedule 5**Validation of expenses incurred in advance of appropriation and
without authority of Imprest Supply Act for 2022/23 financial year****s 6**

Column 1	Column 2	Column 3	Column 4
Administering department	Vote	Appropriation	Amount \$(000)
Corrections, Department of	Corrections	Non-Departmental Other Expenses Waikeria Corrections and Treatment Facility	1

Schedule 6
**Validation of capital expenditure incurred without appropriation
and without authority of Imprest Supply Act for 2022/23 financial
year**

Column 1 Administering department	Column 2 Vote	Column 3 Category of capital expenditure	Column 4 Amount \$(000)
Business, Innovation, and Employment, Ministry of	Business, Science and Innovation	Non-Departmental Capital Expenditure Research, Science and Innovation: North Island Weather Events - Plant and Food Research Limited Response and Recovery	11,000

s 6 5