

Imprest Supply (Third for 2019/20) Bill

Government Bill

Explanatory note

General policy statement

Imprest supply is the statutory mechanism that allows Parliament to provide the Government with the authority to—

- incur expenses and capital expenditure in advance of appropriation in an Appropriation Act; and
- make capital injections in advance of authorisation under an Appropriation Act.

The Imprest Supply (First for 2019/20) Act 2019 provided the sole financial authority from the start of the 2019/20 financial year until the Appropriation (2019/20 Estimates) Act 2019 came into force. The Imprest Supply (Second for 2019/20) Act 2019 provided financial authority additional to that provided in the Appropriation (2019/20 Estimates) Act 2019. This Bill seeks financial authority additional to (and not in substitution for) that provided in the Imprest Supply (Second for 2019/20) Act 2019.

This Bill is required to ensure that the Government has sufficient supply to implement Cabinet decisions made or otherwise finalised after the contents of the 2019/20 Estimates were closed off in excess of the amounts appropriated in the Appropriation (2019/20 Estimates) Act 2019 and authorised in the Imprest Supply (Second for 2019/20) Act 2019 and to meet contingencies.

The amounts this Bill seeks are intended to be sufficient to provide supply until 30 June 2020 for—

- the incurring of expenses and capital expenditure in excess of the amounts appropriated in the Appropriation (2019/20 Estimates) Act 2019 and authorised in the Imprest Supply (Second for 2019/20) Act 2019; and
- the making of capital injections in excess of the amounts authorised under those 2 Acts.

This Bill is repealed at the end of the 2019/20 financial year on 30 June 2020. Sections 4A and 12B of the Public Finance Act 1989 provide that appropriations for expenses and capital expenditure incurred, and authority for capital injections made, under the authority of this Bill must be sought in an Appropriation Act that comes into force on or before 30 June 2020. If that is not done, the expenses, capital expenditure, and capital injections will require validation in an Appropriation (Confirmation and Validation) Act in accordance with sections 26C and 26CA of the Public Finance Act 1989.

In this Bill, imprest is calculated separately for expenses and capital expenditure, subject to 2 exceptions. The imprest sought for expenses in this Bill covers the following capital expenditure to be incurred in advance of an appropriation that may include both expenses and capital expenditure:

- capital expenditure to be incurred by an intelligence and security department:
- non-departmental capital expenditure to be incurred in advance of a multi-category appropriation.

Accordingly, the capital expenditure described above is not covered by the imprest sought for capital expenditure in this Bill.

Imprest sought for expenses

Imprest sought for expenses in this Bill covers the following appropriations:

- appropriations for the following categories of expenses:
 - output expenses:
 - benefits or related expenses:
 - other expenses:
- appropriations for expenses and capital expenditure to be incurred by an intelligence and security department:
- multi-category appropriations.

The main components of the \$40,000 million of additional authority sought in this Bill for expenses are—

- a provision for measures, already announced, to respond to the effects of COVID-19; and
- a contingency provision for further measures that may be taken in relation to those effects.

Imprest sought for capital expenditure

Imprest sought for capital expenditure in this Bill covers appropriations for capital expenditure. It does not cover capital expenditure included in the definition of expenses for the purposes of this Bill (*see clause 5(1)*).

The main components of the \$10,000 million of additional authority sought this year for capital expenditure are—

- a provision for measures, already announced, to respond to the effects of COVID-19; and
- a contingency provision for further measures that may be taken in relation to those effects.

Imprest sought for capital injections

Imprest sought for capital injections in this Bill covers authorisations for \$2,000 million of capital injections to be made to departments (other than intelligence and security departments) or Offices of Parliament. The additional authority sought in this Bill for capital injections is primarily a general contingency provision for currently unforeseen capital injections arising from the effects of COVID-19.

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 states that the Bill comes into force on the day after the date on which it receives the Royal assent.

Clause 3 provides that the Bill is repealed on the close of 30 June 2020.

Clause 4 sets out the purposes of the Bill.

Clause 5 is an interpretation provision.

Clause 6 provides that the authority sought by this Bill to incur expenses and capital expenditure, and for the making of capital injections, is in addition to, and not in substitution for, the authority conferred by the Imprest Supply (Second for 2019/20) Act 2019.

Clause 7 seeks authority to incur expenses of up to \$40,000 million in advance of appropriation. For the purposes of this Bill, expenses includes the following capital expenditure to be incurred in advance of an appropriation that may include both expenses and capital expenditure:

- capital expenditure to be incurred by an intelligence and security department:
- non-departmental capital expenditure to be incurred in advance of a multi-category appropriation.

Section 4A of the Public Finance Act 1989 provides that all expenses and capital expenditure incurred under *clauses 7 and 8* must be appropriated in an Appropriation Act that comes into force on or before 30 June 2020.

Clause 8 seeks authority to incur capital expenditure of up to \$10,000 million in advance of appropriation. *Clause 8* does not apply to capital expenditure that is included as expenses for the purposes of this Bill.

Clause 9 seeks authority to make capital injections of up to \$2,000 million in advance of authorisation under an Appropriation Act.

Section 12B of the Public Finance Act 1989 provides that all capital injections made under *clause 9* must be authorised under an Appropriation Act that comes into force on or before 30 June 2020.

Hon Grant Robertson

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Imprest Supply (Third for 2019/20) Act **2020**.

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent. 5

3 Repeal of this Act

This Act is repealed on the close of 30 June 2020.

4 Purposes

The purposes of this Act are— 10

- (a) to authorise expenses and capital expenditure to be incurred by the Crown and Offices of Parliament during the 2019/20 year in advance of appropriation in an Appropriation Act; and
- (b) to authorise capital injections to be made to departments and Offices of Parliament during the 2019/20 year in advance of authorisation under an Appropriation Act. 5

5 Interpretation

- (1) In this Act, unless the context otherwise requires,—
 - 2019/20 year** means the financial year ending with 30 June 2020
 - capital expenditure** has the meaning given to it by section 2(1) of the Public Finance Act 1989, but excludes capital expenditure that is included in the definition of expenses in this subsection 10
 - department** has the meaning given to it by section 2(1) of the Public Finance Act 1989, but excludes an intelligence and security department
 - expenses** has the meaning given to it by section 2(1) of the Public Finance Act 1989, but also includes— 15
 - (a) capital expenditure incurred by an intelligence and security department; and
 - (b) non-departmental capital expenditure incurred in advance of a multi-category appropriation. 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.

6 Authority additional to that conferred by Imprest Supply (Second for 2019/20) Act 2019 25

The authority conferred by this Act to incur expenses and capital expenditure, and for the making of capital injections, is in addition to, and not in substitution for, the authority conferred by the Imprest Supply (Second for 2019/20) Act 2019.

7 Authority to incur expenses 30

- (1) Expenses may, during the 2019/20 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Expenses incurred under **subsection (1)** must not exceed in the aggregate the sum of \$40,000 million.

8 Authority to incur capital expenditure 35

- (1) Capital expenditure may, during the 2019/20 year, be incurred in advance of appropriation in relation to any Vote.

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- (2) Capital expenditure incurred under **subsection (1)** must not exceed in the aggregate the sum of \$10,000 million.

9 Authority to make capital injections

- (1) Capital injections may, during the 2019/20 year, be made to any department or Office of Parliament in advance of authorisation under an Appropriation Act. 5
- (2) Capital injections made under **subsection (1)** must not exceed in the aggregate the sum of \$2,000 million.