

# **Imprest Supply (Second for 2021/22) 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 2021/22) Act 2021 provides the sole financial authority from the start of the 2021/22 financial year until the Appropriation (2021/22 Estimates) Bill is passed. In contrast, this Bill seeks financial authority additional to that sought in the Appropriation (2021/22 Estimates) Bill.

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 2021/22 Estimates were closed off and to meet contingencies in excess of the amounts provided in the Appropriation (2021/22 Estimates) Bill. The amounts this Bill seeks are intended to be sufficient to provide supply until 30 June 2022 for—

- the incurring of expenses and capital expenditure in excess of the amounts appropriated in the Appropriation (2021/22 Estimates) Bill; and
- the making of capital injections in excess of the amounts authorised under that Bill.

This Bill is repealed at the end of the 2021/22 financial year on 30 June 2022. 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 2022. If this 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 \$24,000 million of additional authority sought this year for expenses are—

- an allowance for Cabinet decisions made or otherwise finalised after the contents of the 2021/22 Estimates were closed off; and
- a provision for increases in appropriations as a result of any necessary future decisions on the unallocated portion of the COVID-19 Response and Recovery Fund; and
- a provision for increases in appropriations relating to technical changes including fiscally neutral adjustments, confirmation of expense transfers from 2020/21, and forecasting changes; and
- a general contingency provision of around \$15,000 million for currently unforeseen increases to expense appropriations that may result from Cabinet decisions or technical changes.

#### *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 \$15,000 million of additional authority sought this year for capital expenditure are—

- an allowance for Cabinet decisions made or otherwise finalised after the contents of the 2021/22 Estimates were closed off; and
- a provision for increases in appropriations as a result of any necessary future decisions on the unallocated portion of the COVID-19 Response and Recovery Fund; and
- a provision for increases in appropriations relating to technical changes including fiscally neutral adjustments and confirmation of capital transfers from 2020/21; and
- a general contingency provision of around \$5,000 million for currently unforeseen increases to capital appropriations that may result from Cabinet decisions or technical changes.

#### *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 this year for capital injections is primarily a general contingency provision for currently unforeseen capital injections, including any necessary future decisions on the unallocated portion of the COVID-19 Response and Recovery Fund.

#### **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* provides 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 2022.

*Clause 4* sets out the purposes of the Bill.

*Clause 5* defines terms used in the Bill.

*Clause 6* seeks authority to incur expenses of up to \$24,000 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.

*Clause 7* seeks authority to incur capital expenditure of up to \$15,000 million in advance of appropriation. *Clause 7* does not apply to capital expenditure that is included as expenses for the purposes of this Bill.

Section 4A of the Public Finance Act 1989 provides that all expenses and capital expenditure incurred under *clauses 6 and 7* must be appropriated in an Appropriation Act that comes into force on or before 30 June 2022.

*Clause 8* 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 8* must be authorised under an Appropriation Act that comes into force on or before 30 June 2022.

*Hon Grant Robertson*

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### **Contents**

	Page
1 Title	1
2 Commencement	1
3 Repeal of this Act	1
4 Purposes	1
5 Interpretation	2
6 Authority to incur expenses	2
7 Authority to incur capital expenditure	2
8 Authority to make capital injections	2

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

#### **1 Title**

This Act is the Imprest Supply (Second for 2021/22) Act **2021**.

#### **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 2022.

#### **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 2021/22 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 2021/22 year in advance of authorisation under an Appropriation Act.

## 5 Interpretation

- (1) In this Act, unless the context otherwise requires,— 5
- 2021/22 year** means the financial year ending with 30 June 2022
- 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
- department** has the meaning given to it by section 2(1) of the Public Finance Act 1989, but excludes an intelligence and security department 10
- expenses** has the meaning given to it by section 2(1) of the Public Finance Act 1989, but also includes—
- (a) capital expenditure incurred by an intelligence and security department; and 15
- (b) non-departmental capital expenditure incurred in advance of a multi-category appropriation.
- (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. 20

## 6 Authority to incur expenses

- (1) Expenses may, during the 2021/22 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 \$24,000 million. 25

## 7 Authority to incur capital expenditure

- (1) Capital expenditure may, during the 2021/22 year, be incurred in advance of appropriation in relation to any Vote.
- (2) Capital expenditure incurred under **subsection (1)** must not exceed in the aggregate the sum of \$15,000 million. 30

## 8 Authority to make capital injections

- (1) Capital injections may, during the 2021/22 year, be made to any department or Office of Parliament in advance of authorisation under an Appropriation Act.

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