

Imprest Supply (First 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.

This Imprest Supply Bill will provide the sole financial authority from the start of the 2021/22 financial year until the Appropriation (2021/22 Estimates) Bill is passed.

This Bill is repealed on the coming into force of the Appropriation (2021/22 Estimates) Bill. 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.

The amounts of imprest are calculated to provide sufficient authorisation for the period between—

- the start of a financial year; and
- the latest date on which the third reading of the main Appropriation Act for that financial year must be completed.

Accordingly, the amounts of imprest for expenses, capital expenditure, and capital injections in this Bill are calculated on the basis of one-quarter (3 months' worth) of the relevant annual appropriations and authorisations for capital injections sought in the Appropriation (2021/22 Estimates) Bill.

In addition, the amounts of imprest include a general contingency provision to cover risks that may eventuate. The amounts of imprest for expenses and capital expenditure are also adjusted for uneven timing and include an allowance for new multi-year appropriations in the Appropriation (2021/22 Estimates) 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 authority sought this year for expenses includes an allowance for upfront funding for Votes Defence Force, Education, Health, Internal Affairs, Social Development, and Te Arawhiti.

The amount of authority for expenses has been calculated as follows:

One-quarter (3 months' worth) of total expense annual appropriations of \$105,960 million (including expenses and capital expenditure appropriations for intelligence and security departments, and multi-category appropriations) in the Appropriation (2021/22) Estimates Bill	\$26,490 million
Allowance for new multi-year appropriations included in the Appropriation (2021/22) Estimates Bill to the extent they relate to 2021/22	\$362 million
Allowance for uncommitted COVID-19 Response and Recovery Fund (CRRF) expenditure decisions	\$1,142 million
Allowance for upfront funding for Votes with uneven timing	\$1,738 million
General contingency provision for expenses in excess, or outside the scope, of the expense appropriations in the Appropriation (2021/22 Estimates) Bill	\$5,268 million
Total imprest for expenses	\$35,000 million

Imprest sought for capital expenditure

Imprest sought for capital expenditure in this Bill covers the 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 authority sought this year for capital expenditure includes an allowance for upfront funding for Vote Finance.

The amount of authority for capital expenditure has been calculated as follows:

One-quarter (3 months' worth) of total capital expenditure annual appropriations of \$7,752 million in the Appropriation (2021/22) Estimates Bill	\$1,938 million
Allowance for new multi-year appropriations included in the Appropriation (2021/22) Estimates Bill to the extent they relate to 2021/22	\$8 million
Allowance for upfront funding for Votes with uneven timing	\$92 million
General contingency provision for capital expenditure in excess, or outside the scope, of the capital expenditure appropriations in the Appropriation (2021/22 Estimates) Bill	\$2,962 million
Total imprest for capital expenditure	\$5,000 million

Imprest sought for capital injections

Imprest sought for capital injections covers authorisations for capital injections to be made to departments (other than intelligence and security departments) or Offices of Parliament. This Bill does not authorise imprest supply for capital injections to intelligence and security departments because section 12A(1) of the Public Finance Act 1989 does not apply to intelligence and security departments.

The authority sought this year for capital injections includes an allowance for upfront funding for the Ministry of Business, Innovation, and Employment.

The amount of authority for capital injections has been calculated as follows:

One-quarter (3 months' worth) of total capital injections of \$2,582 million in the Appropriation (2021/22) Estimates Bill	\$645 million
Allowance for upfront funding for capital injections to departments with uneven timing	\$50 million
General contingency provision for capital injections in excess of the capital injections authorised under the Appropriation (2021/22 Estimates) Bill	\$305 million
Total imprest for capital injections	\$1,000 million

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 1 July 2021.

Clause 3 provides for the repeal of the Bill on the coming into force of the main Appropriation Act for the 2021/22 financial year.

Clause 4 sets out the purposes of the Bill.

Clause 5 is an interpretation provision.

Clause 6 seeks authority to incur expenses of up to \$35,000 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 \$5,000 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 \$1,000 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

Imprest Supply (First for 2021/22) Bill

Government Bill

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 (First for 2021/22) Act **2021**.
- 2 Commencement**
This Act comes into force on **1 July 2021**. 5
- 3 Repeal of this Act**
This Act is repealed on the coming into force of the main Appropriation Act for the 2021/22 year.
- 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 \$35,000 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 \$5,000 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 \$1,000 million. 35

Imprest Supply (First for 2021/22) Bill

Wellington, New Zealand:

Published under the authority of the New Zealand Government—2021