

Imprest Supply (First for 2016/17) 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 provides the sole financial authority from the start of the 2016/17 financial year until the Appropriation (2016/17 Estimates) Bill is passed.

The financial authorities provided in this Bill are repealed on the coming into force of the Appropriation (2016/17 Estimates) Bill. The rest of this Bill is repealed on the close of 30 June 2017. 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 2017. 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; and
- 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 for expenses, capital expenditure, and capital injections are calculated on the basis of one-sixth (2 months' worth) of the relevant annual appropriations and authorisations for capital injections sought in the Appropriation (2016/17 Estimates) Bill, and 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.

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 upfront funding for Vote Education, Vote Environment, Vote Internal Affairs, Vote Justice, and Vote Primary Industries and Food Safety.

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

Total expense appropriations in the Appropriation (2016/17 Estimates) Bill (including expenses and capital expenditure appropriations for intelligence and security departments, and multi-category appropriations)	\$70,087 million
One-sixth (2 months' worth) of total expense appropriations	\$11,681 million
Allowance for upfront funding for Votes with uneven timing	\$85 million
Allowance for new multi-year appropriations to the extent they relate to 2016/17	\$10 million
General contingency provision for expenses in excess, or outside the scope, of the expense appropriations in the Appropriation (2016/17 Estimates) Bill	\$3,024 million
Total imprest for expenses	\$14,800 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 upfront funding for Vote Defence, Vote Finance, and Vote Internal Affairs.

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

Total capital expenditure appropriations in the Appropriation (2016/17 Estimates) Bill	\$4,373 million
One-sixth (2 months' worth) of total capital expenditure appropriations	\$729 million
Allowance for upfront funding for Votes with uneven timing	\$121 million
Allowance for new multi-year appropriations to the extent they relate to 2016/17	\$50 million
General contingency provision for capital expenditure in excess, or outside the scope, of the capital expenditure appropriations in the Appropriation (2016/17 Estimates) Bill	\$800 million
Total imprest for capital expenditure	\$1,700 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 amount of authority for capital injections has been calculated as follows:

Total capital injections authorised under the Appropriation (2016/17 Estimates) Bill	\$808 million
One-sixth (2 months' worth) of total capital injections	\$135 million
General contingency provision for capital injections in excess of the capital injections authorised under the Appropriation (2016/17 Estimates) Bill	\$265 million
Total imprest for capital injections	\$400 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 2016**.

Clause 3 provides for the repeal of the Bill as follows:

- *clauses 6, 7, and 9* are repealed on the coming into force of the main Appropriation Act for the 2016/17 financial year:
- the rest of the Bill is repealed on the close of 30 June 2017. *Clauses 8(1) and 10(1)* impose obligations, in relation to the authorities provided by *clauses 6, 7, and 9*, that must remain in force throughout the 2016/17 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 \$14,800 million in advance of appropriation. For the purposes of this Bill, expenses includes the following capital ex-

penditure 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 \$1,700 million in advance of appropriation. *Clause 7* does not apply to capital expenditure that is included as expenses for the purposes of *clause 6*.

Clause 8 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 2017. Until that Act comes into force, those expenses or that capital expenditure may be incurred as if they had been incurred in accordance with one of the separate appropriations specified in section 7A(1) of the Public Finance Act 1989.

Clause 9 seeks authority to make capital injections of up to \$400 million in advance of authorisation under an Appropriation Act.

Clause 10 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 2017. Until that Act comes into force, those capital injections may be made as if they had been authorised in accordance with section 12A of the Public Finance Act 1989.

Hon Bill English

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Imprest Supply (First for 2016/17) Act **2016**.

2 Commencement

This Act comes into force on **1 July 2016**.

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3 Repeal of this Act

- (1) **Sections 6, 7, and 9** are repealed on the coming into force of the main Appropriation Act for the 2016/17 year.
- (2) The rest of this Act is repealed on the close of 30 June 2017.

4 Purposes

The purposes of this Act are—

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- (a) to authorise expenses and capital expenditure to be incurred by the Crown and Offices of Parliament during the 2016/17 year in advance of appropriation in an Appropriation Act; and
- (b) to authorise capital injections to be made to departments (other than intelligence and security departments) and Offices of Parliament during the 2016/17 year in advance of authorisation under an Appropriation Act. 5
- 5 Interpretation**
- (1) In this Act, unless the context otherwise requires,—
- 2016/17 year** means the financial year ending with 30 June 2017 10
- 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
- department** has the meaning given to it by section 2(1) of the Public Finance Act 1989, but does not include an intelligence and security department 15
- 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
- (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 to incur expenses** 25
- (1) Expenses may, during the 2016/17 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 \$14,800 million.
- 7 Authority to incur capital expenditure** 30
- (1) Capital expenditure may, during the 2016/17 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 \$1,700 million.
- 8 Appropriation required** 35
- (1) All expenses incurred under **section 6(1)** and all capital expenditure incurred under **section 7(1)** must be appropriated in an Appropriation Act that comes into force on or before 30 June 2017.

- (2) Until the coming into force of that Appropriation Act, those expenses and that capital expenditure may be incurred during the 2016/17 year as if they had been incurred in accordance with one of the separate appropriations specified in section 7A(1) of the Public Finance Act 1989.

9 Authority to make capital injections 5

- (1) Capital injections may, during the 2016/17 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 \$400 million.

10 Authorisation required 10

- (1) All capital injections made under **section 9(1)** must be authorised under an Appropriation Act that comes into force on or before 30 June 2017.
- (2) Until the coming into force of that Appropriation Act, those capital injections may be made during the 2016/17 year as if they had been authorised in accordance with section 12A of the Public Finance Act 1989. 15