

Imprest Supply (Second for 2014/15) 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 2014/15) Act 2014 provides the sole financial authority from the start of the 2014/15 financial year until the Appropriation (2014/15 Estimates) Bill is passed. In contrast, the Imprest Supply (Second for 2014/15) Bill seeks financial authority additional to that sought in the Appropriation (2014/15 Estimates) Bill.

This Bill is required to ensure the Government has sufficient supply to implement decisions taken after the 2014/15 Estimates were finalised and to meet any increases in demand-driven expenses or other risks or contingencies in excess of the amounts provided in the Appropriation (2014/15 Estimates) Bill.

The amounts this Bill seeks are intended to be sufficient to provide supply until 30 June 2015 for—

- the incurring of expenses and capital expenditure in excess of the amounts appropriated in the Appropriation (2014/15 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This Bill is repealed at the end of the 2014/15 financial year on 30 June 2015. 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 2015. If this is not done, those expenses, capital expenditure, and capital injections will require validation in an Appropriation (Financial Review) Act in accordance with sections 26C and 26CA of the Public Finance Act 1989. Most of the expenses and capital expenditure that are incurred, and the capital injections that are made, under the authority of this Bill will be appropriated in, or authorised under, the Appropriation (2014/15 Supplementary Estimates) Bill. Anything that is not will be validated in the Appropriation (2014/15 Financial Review) Bill.

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—

- expenses and capital expenditure to be incurred by intelligence and security departments; and
- multi-category appropriations, which may include both expenses and non-departmental capital expenditure.

The amounts of supply for expenses, capital expenditure, and capital injections are calculated to include an allowance for Cabinet decisions made after the contents of the 2014/15 Estimates were finalised, provisions for increases in appropriations relating to fiscally neutral adjustments (these require an appropriation and imprest supply authority, but are matched by decreases in other appropriations), and a general contingency provision to cover risks that may eventuate.

Imprest sought for expenses

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

- appropriations for the following categories of expenses:
 - output expenses:
 - appropriations for 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 \$7,000 million of additional authority sought this year for expenses are—

- an allowance for Cabinet decisions made after the contents of the 2014/15 Estimates were finalised; and
- provision for increases in appropriations relating to fiscally neutral adjustments, expense transfers from 2013/14, and demand-driven expense changes that may be required, particularly in relation to changes in Votes Canterbury Earthquake Recovery, Defence, and Education; and
- a contingency provision of around \$4,280 million for currently unforeseen expenses.

Imprest sought for capital expenditure

Imprest sought for capital expenditure in this Bill covers appropriations for capital expenditure. The main components of the \$6,500 million of additional authority sought this year for capital expenditure are—

- an allowance for Cabinet decisions made after the contents of the 2014/15 Estimates were finalised; and
- provision for increases in appropriations relating to fiscally neutral adjustments and capital transfers from 2013/14, particularly in relation to changes in Votes Canterbury Earthquake Recovery, Health, and Housing; and
- a contingency provision of around \$2,446 million for currently unforeseen capital expenditure.

Imprest sought for capital injections

Imprest sought for capital injections in this Bill covers authorisations for \$600 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 contingency provision for currently unforeseen capital injections.

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 2015.

Clause 4 is a purpose provision. The purposes of the Bill are—

- to authorise expenses and capital expenditure to be incurred by the Crown and Offices of Parliament during the 2014/15 financial year in advance of appropriation in an Appropriation Act; and
- to authorise capital injections to be made to departments (other than intelligence and security departments) or Offices of Parliament during the 2014/15 financial year in advance of authorisation under an Appropriation Act.

Clause 5 is an interpretation provision.

Clause 6 seeks authority to incur expenses of up to \$7,000 million in advance of appropriation. For the purposes of this clause, expenses includes—

- expenses and capital expenditure to be incurred by intelligence and security departments; and
- expenses and non-departmental capital expenditure incurred in advance of a multi-category appropriation.

Clause 7 seeks authority to incur capital expenditure of up to \$6,500 million in advance of appropriation.

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 2015. 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 \$600 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 2015. 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 (Second for 2014/15) Act **2014**.
- 2 Commencement**
This Act comes into force on the day after the date on which it receives the Royal assent.

3 Repeal of this Act

This Act is repealed on the close of 30 June 2015.

4 Purposes

The purposes of this Act are—

- (a) to authorise expenses and capital expenditure to be incurred by the Crown and Offices of Parliament during the 2014/15 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 2014/15 year in advance of authorisation under an Appropriation Act.

5 Interpretation

- (1) In this Act, unless the context otherwise requires,—

2014/15 year means the financial year ending with 30 June 2015

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

expenses has the meaning given to it by section 2(1) of the Public Finance Act 1989, but also includes—

- (a) expenses and capital expenditure incurred by an intelligence and security department; and
 - (b) expenses and 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.

6 Authority to incur expenses

- (1) Expenses may, during the 2014/15 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 \$7,000 million.

7 Authority to incur capital expenditure

- (1) Capital expenditure may, during the 2014/15 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 \$6,500 million.

8 Appropriation required

- (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 2015.
- (2) Until the coming into force of that Appropriation Act, those expenses and that capital expenditure may be incurred during the 2014/15 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

- (1) Capital injections may, during the 2014/15 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 \$600 million.

10 Authorisation required

- (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 2015.
- (2) Until the coming into force of that Appropriation Act, those capital injections may be made during the 2014/15 year as if they had been authorised in accordance with section 12A of the Public Finance Act 1989.