

# Provisions of the Public Finance Act 1989 (as amended in 2013) relating to establishing a multi-category appropriation

This document sets out the provisions of the Public Finance Act (as amended by the Public Finance Amendment Act 2013) that relate to establishing a multi-category appropriation.

## Summary of legislative requirements

- A multi-category appropriation (MCA), like any other appropriation, is the responsibility of one Minister (the appropriation Minister) and must be administered by one department (the appropriation administrator) [s.7C(2)(a) and (b)].
- An MCA is an appropriation for 2 or more categories of output expenses, other expenses or non-departmental capital expenditure [s.7A(1)(g), s.7A(2)]:
  - departmental and non-departmental output expenses must be in separate categories
  - departmental and non-departmental other expenses must be in separate categories
  - non-departmental capital expenditure must be a separate category.
- An MCA must be approved by the Minister of Finance [s.7B(a)].
- All the categories included in an MCA (whether initially or subsequently) must contribute to a single overarching purpose [s.7B(b)].
- An MCA is limited by the amount of the MCA as a whole [s.8].
- The scope of an MCA is the scope of each of the individual categories of expenses or non-departmental capital expenditure included in the MCA [s.9(2)(a)].

In addition, any other department may incur expenses against the MCA (or a category included in the MCA) either at the direction of the appropriation Minister or with the agreement of the appropriation administrator [s.7C(2)(c)].

## **Additional non-legislative Cabinet requirements**

- The Minister of Finance jointly with the Minister responsible for the appropriation, are able to set conditions on the transfer of funding between the categories of an MCA.
- Additional categories that are within the single overarching purpose could be added during the year using imprest supply. These changes would be reflected in the Supplementary Estimates.
- MCAs will be annual appropriations.

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### **7 - Expenses and capital expenditure must be allocated to appropriation type**

All expenses and capital expenditure to be incurred in any financial year must be allocated to one of the appropriation types set out in section 7A(1) within a Vote specified in an Appropriation Act.

### **7A - Appropriation types**

(1) An appropriation must be an appropriation for:

- (a) 1 category of output expenses
- (b) 1 category of benefits or related expenses
- (c) 1 category of borrowing expenses
- (d) 1 category of other expenses
- (e) 1 category of capital expenditure
- (f) expenses and capital expenditure to be incurred by an intelligence and security department
- (g) 2 or more categories of 1 or more of the following:
  - (i) output expenses
  - (ii) other expenses
  - (iii) non-departmental capital expenditure.

(2) For the purposes of this section:

- (a) a category of output expenses must not include both departmental and non-departmental expenses
- (b) a category of other expenses must not include both departmental and non-departmental expenses

(c) a category of capital expenditure must not include both departmental and non-departmental capital expenditure.

## **7B - Requirements for multi-category appropriations**

A multi-category appropriation described in section 7A(1)(g):

- (a) must be approved by the Minister
- (b) must include only categories of expenses or non-departmental capital expenditure that contribute to a single overarching purpose.

## **7C - Responsibility for, and administration and use of, appropriations**

(1) An appropriation is made to the Crown or an Office of Parliament.

(2) In the case of an appropriation made to the Crown:

- (a) a Minister (the appropriation Minister) is responsible for the appropriation
- (b) the appropriation must be administered by 1 department (the appropriation administrator) on behalf of the appropriation Minister
- (c) if the appropriation is an appropriation for departmental expenses or a multi-category appropriation, any other department may incur expenses against the appropriation:
  - (i) at the direction of the appropriation Minister
  - (ii) with the agreement of the appropriation administrator.

(3) Despite subsection (2)(a), the Speaker is responsible for any appropriation administered by the Office of the Clerk of the House of Representatives or the Parliamentary Service.

(4) In the case of an appropriation made to an Office of Parliament:

- (a) the Speaker is responsible for the appropriation
- (b) the appropriation must be administered by that Office of Parliament.

## **8 - Appropriation limited by amount**

The authority to incur expenses or capital expenditure provided by an appropriation under an Appropriation Act:

- (a) is limited to the amount specified for the appropriation by or under that Act
- (b) may not be exceeded (except as provided for in section 25 or section 26A or section 26B).

## **9 - Appropriation limited by scope**

(1) The authority to incur expenses or capital expenditure provided by an appropriation:

- (a) is limited to the scope of the appropriation
- (b) may not be used for any other purpose.

(2) For the purposes of subsection (1):

(a) the scope of a multi-category appropriation is the scope of each of the individual categories of expenses or non-departmental capital expenditure included in that appropriation

(b) any variation made by the Minister of the terms and conditions of a capital injection to any entity referred to in section 27(3)(a) to (f) does not change the scope or purpose of that capital injection.

## **Schedule 1**

### **Application, savings, and transitional provisions relating to amendments made to Act after 1 January 2013**

#### **Multi-category appropriations may be used in 2013/14 financial year (clause 3, Schedule 1)**

Despite clause 2, in the 2013/14 financial year:

- (a) old section 7(1) must be read as if it included, as a type of appropriation, a multi-category appropriation described in new section 7A(1)(g) (as inserted by section 59 of the amendment Act)
- (b) any new provision that relates to a multi-category appropriation must, for the purposes of the multi-category appropriation and any expenses or capital expenditure incurred under it, be treated as if it were amended on the commencement date.