

The Treasury

Public Finance (Transfers Between Outputs) Order 2019 Information Release

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Chair
Cabinet Legislation Committee

Public Finance (Transfers Between Outputs) Order 2019

Proposal

1. This paper seeks authorisation for submission to the Executive Council of the Public Finance (Transfers Between Outputs) Order 2019, made under section 26A of the Public Finance Act 1989, directing limited transfers between output expense appropriations. It also seeks a waiver of the 28-day rule so that the Order can come into force before the end of the financial year (by 30 June 2019).

Policy

2. It is often necessary for minor changes to be made to the amounts of appropriations after the Supplementary Estimates have been approved by Cabinet. These changes are necessary to avoid incurring unappropriated expenditure. Section 26A of the Public Finance Act 1989 authorises the Governor-General, by Order in Council, to direct a transfer of resources between output expense appropriations within a Vote to avoid unappropriated expenses.
3. This paper details the section 26A criteria and cases of fiscally neutral transfers to be made by the Public Finance (Transfers Between Outputs) Order 2019 to avoid unappropriated expenditure in 2018/19.

Section 26A Criteria

4. The Public Finance (Transfers Between Outputs) Order 2019 is made under section 26A of the Public Finance Act 1989 and allows for the transfer between output expenses within a Vote if:
 - a. The amount transferred does not increase that appropriation for a financial year by more than 5 percent
 - b. No other transfer under section 26A to that appropriation has occurred during that financial year; and
 - c. The total amount appropriated for that financial year for all output expense appropriations in that vote is unaltered.

Fiscally Neutral Transfers to Be Made by the Public Finance (Transfers Between Outputs) Order 2019

5. A list of fiscally neutral transfers under section 26A of the Public Finance Act 1989 required to avoid unappropriated expenditure in 2018/19 is provided in Annex One to this paper. These transfers are included in the proposed Order in Council, and meet the criteria for section 26A transfers set out above.

Timing and 28 Day Rule

6. The 28-day rule requires that an Order in Council shall not come into force until at least 28 days after it has been notified in the Gazette. The proposed Order in Council is to come into force on 30 June 2019, therefore a waiver of the 28-day rule is being sought on the following basis:
 - a. the making of fiscally neutral transfers under section 26A of the Public Finance Act 1989 by Order in Council, to avoid unappropriated expenditure in 2018/19, must come into force by the end of the financial year to which the expenditure relates (i.e. by 30 June 2019),
 - b. the Order needs to be made as close to the end of the financial year as possible, so as to take into account the latest possible information on expenditure, and
 - c. the Order imposes no obligation on anyone other than the Ministers and departments responsible for the Votes in which transfers are being made.

Compliance

7. The proposed Order in Council complies with:
 - a. the principles of the Treaty of Waitangi
 - b. the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993
 - c. the principles and guidelines set out in the Privacy Act 1993
 - d. relevant international standards and obligations, and
 - e. LAC Guidelines: Guidelines on Process and Content of Legislation, a publication by the Legislation Advisory Committee.

Regulations Review Committee

8. There are no grounds for the Regulations Review Committee to draw the proposed Order in Council to the attention of the House under Standing Order 319.

Certification by Parliamentary Counsel

9. The proposed Order in Council has been certified by Parliamentary Counsel as being in order for submission to Cabinet subject to the waiver of the 28-day rule.

Regulatory Impact Statement

10. A regulatory impact statement is not required as the proposed Order in Council is mechanical in nature and has no impact on businesses, individuals or not-for-profit entities.

Publicity

11. Apart from notification in the Gazette, no other publicity of the proposed Order in Council is required.

Consultation

12. Departments that administer Votes where fiscally neutral transfers are being sought under section 26A of the Public Finance Act 1989 have been consulted on the amounts and output expense appropriations included in the proposed Order in Council.

Proactive Release

13. This paper may be proactively released, with any appropriate redactions.

Recommendations

14. I recommend that the Cabinet Legislation Committee:
 - 1 **note** that the Public Finance (Transfers Between Outputs) Order 2019, made under section 26A of the Public Finance Act 1989, will direct a transfer of resources between output expense appropriations within a Vote to avoid unappropriated expense
 - 2 **authorise** the submission to the Executive Council of the Public Finance (Transfers Between Outputs) Order 2019
 - 3 **note** that the Public Finance (Transfers Between Outputs) Order 2019 requires the 28-day rule to be waived as the Order must come into force by the end of the financial year to which the expenditure relates (30 June 2019) to avoid unappropriated expenditure in 2018/19, and the Order imposes no obligation on anyone other than the Ministers and departments for the Votes in which transfers are being made, and
 - 4 **agree** to waive the 28-day rule so that the Public Finance (Transfers Between Outputs) Order 2019 comes into force on 30 June 2019.

Hon Grant Robertson
Minister of Finance

Date:

Annex One: Transfers Between Output Expense Appropriations

Fiscally Neutral Transfers Under Section 26A of the Public Finance Act	
Vote	\$ million
Police	9.500
Total	9.500

Vote Police	
These transfers are principally required to align the output class expenditure to expected activities, including those that arose due to reallocation of resources following the terrorist attack in Christchurch on 15th March 2019 with resources being deployed to demand.	(\$ million)
Baseline Reductions	
Departmental Output Expense: Police Primary Response Management	(5.500)
Departmental Output Expense: Specific Crime Prevention Services and Maintenance of Public Order	(1.500)
Departmental Output Expense: Case Resolution and Support to Judicial Process	(1.500)
Departmental Output Expense: Investigations	(1.000)
Total	(9.500)
Baseline Increases	
Departmental Output Expense: General Crime Prevention Services	9.500
Total	9.500