

AUSTRALIAN GOVERNMENT

REPORT ON ADVANCES PROVIDED UNDER  
THE ANNUAL APPROPRIATION ACTS

2011-2012

© Commonwealth of Australia 2011

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#### Internet

This annual report can be downloaded from the Department's web site at: [www.finance.gov.au/publications/advance\\_to\\_the\\_finance\\_minister/index.html](http://www.finance.gov.au/publications/advance_to_the_finance_minister/index.html)

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## TABLE OF CONTENTS

Introduction.....	1
Determinations made under the Advance provisions in 2011-2012.....	2
Replenishment of the Advance provisions in 2011-2012 .....	3
<i>Appropriation Act (No. 1) 2011-2012.....</i>	<i>4</i>
<i>Appropriation Act (No. 2) 2011-2012.....</i>	<i>12</i>
Independent Auditor's Review Report.....	14



## INTRODUCTION

The purpose of the “*Report On Advances Provided Under The Annual Appropriation Acts 2011-2012*” (the Report) is to disclose the use of Advances during the 2011-2012 financial year. The Report provides a summary of legal and policy frameworks relevant to Advances including the amounts available for Advances under the annual Appropriation Acts, the effect of the Advances on the annual Appropriation Acts, an explanation of the replenishment process and detailed information on each Advance issued during 2011-2012.

Advances under the annual Appropriation Acts are provisions that enable urgently required appropriation to be issued to agencies during the year. They are issued by a Determination of the Finance Minister.<sup>1</sup>

The sections of the Appropriation Acts which specify the use of Advances can change from year to year. In 2011-2012 the relevant sections were:

- Section 13 of *Appropriation Act (No. 1) 2011-2012*;
- Section 15 of *Appropriation Act (No. 2) 2011-2012*; and
- Section 13 of *Appropriation (Parliamentary Departments) Act (No. 1) 2011-2012*.

The Finance Minister may issue a Determination under the Advance provisions if satisfied that:

- 1) there is an urgent need for expenditure that is not provided for, or is insufficiently provided for, in the Schedules to the Acts; and
- 2) the additional expenditure is not provided for, or is insufficiently provided for, in the Schedules to the Acts:
  - a) because of an erroneous omission or understatement; or
  - b) because the additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in the Bills for these Acts before those Bills were introduced into the House of Representatives.

A Determination made by the Finance Minister has effect on the Appropriation Act concerned as if the Schedule to the Act was amended in accordance with the Determination.

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<sup>1</sup> In this document, references to Advances are references to the Advance to the Finance Minister and the Advance to the responsible Presiding Officer. References to the Finance Minister are also references to the responsible Presiding Officer.

Determinations made under the Advance provisions are legislative instruments under the *Legislative Instruments Act 2003*. Accordingly, all Determinations are registered on the Federal Register of Legislative Instruments (FRLI) and tabled in the House of Representatives and the Senate. The Determinations are publicly accessible at <http://www.comlaw.gov.au/>.

The Advance provisions in each Appropriation Act limit the total amounts that the Finance Minister may determine in the financial year concerned. The following table shows the total amounts of the Advance that could be determined in 2011-2012:

	2011-2012
<b>Advance to the Finance Minister</b>	
Appropriation Act (No. 1)	\$295,000,000
Appropriation Act (No. 2)	\$380,000,000
<b>Advance to the responsible Presiding Officer</b>	
Appropriation (Parliamentary Departments) Act (No. 1)	
- Department of the Senate	\$300,000
- Department of the House of Representatives	\$300,000
- Department of Parliamentary Services	\$1,000,000

Guidelines on Advances are provided for Australian Government agencies on the Finance web site at:

<http://www.finance.gov.au/budget/budget-process/advance-to-finance-minister.html>

This Report lists all amounts determined by the Finance Minister in the 2011-2012 financial year under the Advance provisions. Cents have been omitted and each amount in the following section is shown to the nearest dollar.

### **Determinations made under the Advance provisions in 2011-2012**

Usage of the Advance provisions in the annual Appropriations Acts during the 2011-2012 financial year are summarised in the following table:

	No. of AFMs Provided	Total Value of AFMs Provided
<b>Advance to the Finance Minister</b>		
Appropriation Act (No. 1)	6	\$82,941,580
Appropriation Act (No. 2)	1	\$41,881,000
<b>Sub-total</b>	<b>7</b>	<b>\$124,822,580</b>
<b>Advance to the responsible Presiding Officer</b>		
Appropriation (Parliamentary Departments) Act (No. 1)	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7</b>	<b>\$124,822,580</b>

## **Replenishment of the Advance provisions in 2011-2012**

When the limits for Advances under Appropriation Acts (No. 1) and (No. 2) are likely to be exhausted within the financial year, subsequent annual Appropriation Acts can contain clauses to restore the limits for that particular year. The AFM limits are restored at the commencement of subsequent Appropriation Acts, by disregarding amounts issued that year as an AFM.

The Additional Estimates Appropriation Bills for 2011-2012 (*Appropriation Bill (No. 3) 2011-2012* and *Appropriation Bill (No. 4) 2011-2012*) were finalised in February 2012. At that time it was possible that the limits on the Advance might be exhausted before 4 April 2012, when the Bills were expected to commence. Consequently, provisions were made in both Bills to replenish the limits.

The Additional Estimates Appropriation Bills received Royal Assent on 4 April 2012. Amounts issued under the AFM provisions during the period 1 July 2011 to 4 April 2012 were:

*Appropriation Act (No. 1) 2011-2012 - \$47,569,597*

*Appropriation Act (No. 2) 2011-2012 - \$41,881,000*

The Supplementary Additional Estimates Appropriation Bills for 2011-2012, (*Appropriation Bill (No. 5) 2011-2012* and *Appropriation Bill (No. 6) 2011-2012*) were finalised in May 2012. At that time it was possible that the limits on the Advance might be exhausted before 29 June 2012, when the Bills were expected to commence. Consequently, provisions were made in both Bills to replenish the limits.

The Supplementary Additional Estimates Appropriation Bills received Royal Assent on 27 June 2012. The following amount was issued under the AFM provisions during the period 5 April 2012 to 27 June 2012:

*Appropriation Act (No. 1) 2011-2012 - \$5,561,983*

The Additional Estimates Appropriation Acts and Supplementary Additional Estimates Acts contain provisions which prevent appropriations from both the Advance and the Acts for the same expenditure. Subsection 13(2) of *Appropriation Act (No. 3) 2011-2012*, subsection 15(2) of *Appropriation Act (No. 4) 2011-2012*, subsection 13(2) of *Appropriation Act (No. 5) 2011-2012* and subsection 15(2) of *Appropriation Act (No. 6) 2011-2012*, ensured that if either Act provided an amount for a particular expenditure and, prior to the commencement of the Act, the Finance Minister determined an amount from the Advance for the same expenditure (the advanced amount), then the appropriation in the relevant Act was reduced by the amount of the Advance issued.

**APPROPRIATION ACT (No. 1) 2011-2012**

**TOTAL AMOUNT ISSUED: \$82,941,580**

**SUMMARY**

Page No.	Portfolio	Advances Provided	Expenditure
		\$	\$
5	Education, Employment and Workplace Relations	33,242,205	33,242,205
6	Education, Employment and Workplace Relations	14,327,392	7,872,939
8	Families, Housing, Community Services and Indigenous Affairs	5,561,983	4,195,736
9	Families, Housing, Community Services and Indigenous Affairs	17,610,000	17,610,000
10	Regional Australia, Local Government, Arts and Sport	6,000,000	6,000,000
11	Regional Australia, Local Government, Arts and Sport	6,200,000	6,200,000
		<b>82,941,580</b>	<b>75,120,880</b>

## ***APPROPRIATION ACT (No. 1) 2011-2012***

<b>Legislative Instrument No. and Title</b>	F2012L00049, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2011-2012</i>
<b>Number</b>	No. 2 of 2011-2012
<b>Portfolio</b>	Education, Employment and Workplace Relations
<b>Agency</b>	Department of Education, Employment and Workplace Relations
<b>Appropriation Item</b>	Administered Item, Outcome 5
<b>Outcome</b>	Safer, fairer and more productive workplaces for employers and employees by promoting and supporting the adoption of fair and flexible workplace arrangements and safer working arrangements

**Program** Employee Assistance

<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
11 January 2012	Unforeseen	\$33,242,205	\$33,242,205

### **Explanation of Requirement**

The General Employee Entitlements and Redundancy Scheme (GEERS) is a safety net scheme to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements.

GEERS is a demand-driven scheme, and predicting future expenditure is difficult. Expenditure under GEERS is affected by a wide range of variables including: the number of companies placed into liquidation, the number of claimants for GEERS assistance, the industrial instruments that determine the terms and conditions of the claimant's employment; and eligible entitlements outstanding at the time of the insolvency.

Analysis in January 2012 showed that based on trends at the time the appropriation provided for in *Appropriation Act (No. 1) 2011-2012* would be exhausted during March 2012. As the appropriation provided in *Appropriation Act (No. 3) 2011-2012* was not expected to be available until April 2012, an advance of \$33,242,205 was required to ensure that eligible applicant under the GEERS scheme received their full entitlement in a timely manner.

On 4 April 2012 when *Appropriation Act (No. 3) 2011-2012* commenced, the amount provided in that Act was reduced by the amount advanced.

## ***APPROPRIATION ACT (No. 1) 2011-2012***

<b>Legislative Instrument No. and Title</b>	F2012L00774, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2011-2012</i>		
<b>Number</b>	No. 3 of 2011-2012		
<b>Portfolio</b>	Education, Employment and Workplace Relations		
<b>Agency</b>	Department of Education, Employment and Workplace Relations		
<b>Appropriation Item</b>	Administered Item, Outcome 5		
<b>Outcome</b>	Safer, fairer and more productive workplaces for employers and employees by promoting and supporting the adoption of fair and flexible workplace arrangements and safer working arrangements		
<b>Program</b>	Employee Assistance		
<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
22 March 2012	Unforeseen	\$14,327,392	\$7,872,939

### **Explanation of Requirement**

The General Employee Entitlements and Redundancy Scheme (GEERS) is a safety net scheme to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements.

GEERS is a demand-driven scheme, and predicting future expenditure is difficult. Expenditure under GEERS is affected by a wide range of variables including: the number of companies placed into liquidation, the number of claimants for GEERS assistance, the industrial instruments that determine the terms and conditions of the claimant's employment; and eligible entitlements outstanding at the time of the insolvency.

Analysis in March 2012 showed that based on trends at the time the appropriation provided for in *Appropriation Act (No. 1) 2011-2012* would be exhausted during March 2012. As the appropriation provided in *Appropriation Act (No. 3) 2011-2012* was not expected to be available until April 2012, an advance of 14,327,392 was required to ensure that eligible applicant under the GEERS scheme received their full entitlement in a timely manner.

On 4 April 2012 when *Appropriation Act (No. 3) 2011-2012* commenced, the amount provided in that Act was reduced by the amount advanced.

### **Explanation of Underspend**

As at 30 June 2012 an amount of \$6,454,453 of the advance remained unspent. The advance requested allowed for the passage of *Appropriation Act (No. 3) 2011-2012* in mid April. As the Act was passed on 4 April 2012 the remaining amount of the advance was not required.

## **APPROPRIATION ACT (No. 1) 2011-2012**

<b>Legislative Instrument No. and Title</b>	F2012L01521, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2011-2012</i>		
<b>Number</b>	No. 4 of 2011-2012		
<b>Portfolio</b>	Families, Housing, Community Services and Indigenous Affairs		
<b>Agency</b>	Department of Families, Housing, Community Services and Indigenous Affairs		
<b>Appropriation Item</b>	Administered Item, Outcome 4		
<b>Outcome</b>	An adequate standard of living and improved capacity to productively manage resources and life-transitions for senior Australians through the delivery of payments, concessions and information services		
<b>Program</b>	Allowances, Concessions and Services for Seniors		
<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
10 May 2012	Unforeseen	\$5,561,983	\$4,195,736

### **Explanation of Requirement**

The government approved expenditure to undertake activities to inform the Australian public of the payments, tax cuts and entitlements available under the Household Assistance Package Communication Campaign which will begin from mid-May 2012. This AFM will provide for expenditure which will address initial payments for Allowances, Concessions and Services for Seniors – Outcome 4 in the Department of Families, Housing, Communities and Indigenous Affairs (FaHCSIA).

### **Explanation of Underspend**

As at 30 June 2012 an amount of \$1,366,247 of the advance remained unspent. The AFM was sought to pay for contractual commitments relating to the Household Assistance Package (HAP) Communication Campaign as payments were due to be made prior to the Royal Assent of Appropriation Bills 5 and 6. Some of the final payment relating to HAP were received late (after Royal Assent) and were therefore paid from Appropriation Bill 5 and not the AFM funds.

## ***APPROPRIATION ACT (No. 1) 2011-2012***

<b>Legislative Instrument No. and Title</b>	F2012L01522, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2011-2012</i>		
<b>Number</b>	No. 5 of 2011-2012		
<b>Portfolio</b>	Families, Housing, Community Services and Indigenous Affairs		
<b>Agency</b>	Department of Families, Housing, Community Services and Indigenous Affairs		
<b>Appropriation Item</b>	Administered Item, Outcome 3		
<b>Outcome</b>	Improved capacity for vulnerable people and communities to participate economically and socially and to manage life-transitions through payments, targeted support services and community capability building initiatives		
<b>Program</b>	Financial Management		
<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
28 June 2012	Unforeseen	\$17,610,000	\$17,610,000

### **Explanation of Requirement**

This is a new payment requirement that is to be paid out in the current financial year. The Department has identified up to \$3.0 million from underspends within Outcome 3 (3.1 and 3.5). Therefore the required funds for this AFM are \$17.61 million.

## ***APPROPRIATION ACT (No. 1) 2011-2012***

<b>Legislative Instrument No. and Title</b>	F2012L01523, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2011-2012</i>		
<b>Number</b>	No. 6 of 2011-2012		
<b>Portfolio</b>	Regional Australia, Local Government, Arts and Sport		
<b>Agency</b>	Department of Regional Australia, Local Government, Arts and Sport		
<b>Appropriation Item</b>	Administered Item, Outcome 3		
<b>Outcome</b>	Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression		
<b>Program</b>	Arts and Cultural Development		
<b><u>Date Issued</u></b>	<b><u>Legislative Requirement</u></b>	<b><u>Amount Issued</u></b>	<b><u>Expenditure</u></b>
28 June 2012	Unforeseen	\$6,000,000	\$6,000,000

### **Explanation of Requirement**

The following items were announced after 8 May 2012 and funding will not be received in *Appropriation Act (No. 5) 2011-2012*:

- The Australian Ballet, \$2.0 million
- Moonah Arts Centre, \$4.0 million.

## **APPROPRIATION ACT (No. 1) 2011-2012**

<b>Legislative Instrument No. and Title</b>	F2012L01529, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2011-2012</i>
<b>Number</b>	No. 7 of 2011-2012
<b>Portfolio</b>	Regional Australia, Local Government, Arts and Sport
<b>Agency</b>	Department of Regional Australia, Local Government, Arts and Sport
<b>Appropriation Item</b>	Administered Item, Outcome 4
<b>Outcome</b>	Improved opportunities for community participation in sport and recreation, and excellence in high-performance athletes, including through investment in sport infrastructure and events, research and international cooperation
<b>Program</b>	Sport and Recreation

<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
28 June 2012	Unforeseen	\$6,200,000	\$6,200,000

### **Explanation of Requirement**

The following items were announced after 8 May 2012 and funding will not be received in *Appropriation Act (No. 5) 2011-2012*:

- Wellesley Park Upgrade, \$1.2 million
- Centre of Rowing Education in New Town Bay, \$2.5 million
- Greater Western Sydney AFL Multicultural Centre, \$2.0 million
- Synthetic Hockey Pitch \$0.5 million

***APPROPRIATION ACT (No. 2) 2011-2012***

**TOTAL AMOUNT ISSUED: \$41,881,000**

**SUMMARY**

Page No.	Portfolio	Advances Provided	Expenditure
		\$	\$
13	Prime Minister and Cabinet	41,881,000	30,850,071
		<b>41,881,000</b>	<b>30,850,071</b>

## **APPROPRIATION ACT (No. 2) 2011-2012**

<b>Legislative Instrument No. and Title</b>	F2011L02712, Advance to the Finance Minister – Section 15 of <i>Appropriation Act (No. 2) 2011-2012</i>		
<b>Number</b>	No. 1 of 2011-2012		
<b>Portfolio</b>	Prime Minister and Cabinet		
<b>Agency</b>	Department of Regional Australia, Regional Development and Local Government		
<b>Appropriation Item</b>	Payments to State, ACT, NT and local government item, Outcome 1		
<b>Outcome</b>	Coordinated community infrastructure and services in rural, regional and local government areas through financial assistance		
<b>Program</b>	Local Government Regional Development		
<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
5 December 2011	Unforeseen	\$41,881,000	\$30,850,071

### **Explanation of Requirement**

The extreme weather conditions of late 2010 and early 2011 impacted on infrastructure projects administered by the Department of Regional Australia, Regional Development and Local Government in Queensland, New South Wales, Victoria and Western Australia. Initial assessment of delays resulted in the approval of a movement of funds of \$40 million from 2010-11 to 2011-2012 for the Regional and Local Community Infrastructure Program as part of the 2011-2012 Budget process. The funding was provided in *Appropriation Act (No. 2) 2011-2012* under Outcome 1. As the full extent of these delays become known, a further movement of \$53.125 million was approved in September 2011 to be provided in *Appropriation Bill (No. 4) 2011-2012* for:

- East Kimberley Development Package, \$1.625 million;
- Regional and Local Community Infrastructure Program, \$49.5 million; and
- Thornton Park Commuter Car Park, \$2.0 million.

### **Explanation of Underspend**

Appropriation provided in *Appropriation Act (No. 4) 2011-2012* became available on 4 April 2012. Some of the funding provided from the Advance was no longer required, resulting in a cash underspend of \$11,030,929.





## **INDEPENDENT REVIEW REPORT**

**To the Minister for Finance and Deregulation**

### ***Scope***

I have reviewed the Department of Finance and Deregulation's control procedures and documentation in relation to the Advances Provided under the Annual Appropriation Acts for the year ended 30 June 2012, in order to express a conclusion on the effectiveness of these controls.

### ***The Secretary's Responsibility for the Internal Control Structure***

The Secretary of the Department of Finance and Deregulation is responsible for designing, implementing and maintaining an effective internal control structure including control procedures in relation to the Advances Provided under the Annual Appropriation Acts.

### ***Auditor's Responsibility***

I have conducted an independent review of the control procedures in order to state whether, on the basis of my examination as described, anything has come to my attention that would indicate that they are not adequately designed and effectively operated, in order to:

- assess if applications for the Advances Provided under the Annual Appropriation Acts 2011-2012 are only approved where the applying agencies provided sufficient information to support their compliance with the criteria set out in the Appropriation Acts;
- ascertain whether the accounts and records, particularly in respect of the applications and Issues of Advances are adequately maintained; and
- assess the completeness and accuracy of the publication titled "*Report on Advances Provided under the Annual Appropriation Acts 2011-2012*".

My review has been conducted in accordance with Australian National Audit Office Auditing Standards which incorporate the Australian Auditing Standards, including applicable Standards on Assurance Engagements and included such tests and procedures I considered necessary in the circumstances to provide limited assurance. A review is limited primarily to enquiries of entity personnel, inspection of evidence and observation of, and enquiry about, the operation of the control procedures for a small number of transactions or events.

### ***Inherent Limitations***

Because of the inherent limitations of a review, together with the inherent limitations of internal control, there is an unavoidable risk that some errors or irregularities may not be detected, even though the review is properly planned and performed in accordance with ANAO Auditing Standards. Further, the internal control structure within which the control procedures operate has not been reviewed, and no view is expressed as to its effectiveness.

A review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period, and tests performed are on a sample basis. Also, a review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Any projection of the evaluation of control procedures to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with them may deteriorate.

### ***Independence***

In conducting my review, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

### ***Conclusion***

Based on my review, which is not an audit, nothing has come to my attention that causes me to believe that the Department of Finance and Deregulation did not maintain, in all significant respects, effective control procedures in relation to the Advances Provided Under the Annual Appropriation Acts for the year ended 30 June 2012 based on the criteria referred to above.

Australian National Audit Office



Carla Jago

Executive Director

Delegate of the Auditor-General

Canberra

24 September 2012