



Australian Government

**REPORT ON ADVANCES PROVIDED
UNDER THE ANNUAL
APPROPRIATION ACTS FOR THE
YEAR ENDED 30 JUNE 2022**

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Table of Abbreviations and Acronyms

| Abbreviation/Acronym | Definition |
|-----------------------------|--|
| AFM | Advance to the Finance Minister |
| ANAO | Australian National Audit Office |
| DITRDC | Department of Infrastructure, Transport, Regional Development and Communications |
| Finance | Department of Finance |
| NRRA | National Recovery and Resilience Agency |

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Introduction

Advances to the Finance Minister (AFM) under the annual Appropriation Acts enable urgently required allocations to be issued to entities during the financial year. They are issued by a Determination made by the Minister for Finance (Finance Minister) up to a statutory limit set out in the annual Appropriation Acts.

Given the unique and evolving nature of the COVID-19 pandemic and the associated uncertainty around the Government's necessary response, Parliament continued to support extraordinary AFM provisions in 2021-22.

This Report discloses details of the six AFMs provided during the 2021-22 financial year.

The Australian National Audit Office (ANAO) has issued the Finance Minister an Independent Review Report regarding this Annual Report and the Department of Finance's controls supporting AFM administration in 2021-22. A copy of the ANAO's Report is provided at [Attachment A](#) to this Report.

Overview for 2021-22

For 2021-22, \$10,000 million in total AFM provisions were made available across the *Appropriation Acts (Nos. 1 to 4) 2021-2022* and the *Appropriation (Coronavirus Response) Acts (Nos. 1 and 2) 2021-2022*.

There were six AFMs provided to entities in 2021-22. The AFMs, which were all fully spent, are summarised as follows:

| AFM No. | Entity | Advance Provided (\$'000) | Expenditure (\$'000) | Underspend (\$'000) |
|--------------|--|---------------------------|----------------------|---------------------|
| 1 | Department of Finance | 218,000 | 218,000 | 0 |
| 2 | National Recovery and Resilience Agency | 66,000 | 66,000 | 0 |
| 3 | Department of Finance | 403,000 | 403,000 | 0 |
| 4 | National Recovery and Resilience Agency | 920,000 | 920,000 | 0 |
| 5 | Department of Finance | 200,000 | 200,000 | 0 |
| 6 | Department of Infrastructure, Transport, Regional Development and Communications | 235,000 | 235,000 | 0 |
| Total | | 2,042,000 | 2,042,000 | 0 |

The AFM is limited to the financial year of the Appropriation Act under which it is provided. There were no underspends reported which would have otherwise lapsed on 30 June 2022.

Authority and AFM available in 2021-22

The sections of the Appropriation Acts which enable the use of AFMs are specific to the relevant Act, for the relevant year. In 2021-22, the relevant sections and the amounts available under them, were:

- **\$4,000 million** was provided for the ordinary annual services of government, across the following annual Appropriation Acts:
 - Section 10 of *Appropriation Act (No. 1) 2021-2022* – \$2,000 million
 - Following the commencement of *Appropriation Act (No. 3) 2021-2022* on 1 April 2022, any allocation from *Appropriation Act (No. 1) 2021-2022* was disregarded with the effect of resetting the AFM provision to \$2,000 million.
 - Section 10 of *Appropriation (Coronavirus Response) Act (No. 1) 2021-2022* – \$2,000 million
 - This contingency was statutorily limited to Coronavirus-related matters only, consistent with a commitment previously provided for the *Appropriation (Coronavirus Economic Response Package) Acts (Nos. 1 and 2) 2019-2020*.
- **\$6,000 million** was provided for the non-ordinary annual services of government across the following annual Appropriation Acts:
 - Section 12 of *Appropriation Act (No. 2) 2021-2022* – \$3,000 million
 - Following the commencement of *Appropriation Act (No. 4) 2021-2022* on 1 April 2022, any allocation from *Appropriation Act (No. 2) 2021-2022* was disregarded with the effect of resetting the AFM provision to \$3,000 million.
 - Section 12 of *Appropriation (Coronavirus Response) Act (No. 2) 2021-2022* – \$3,000 million
 - This contingency was statutorily limited to Coronavirus-related matters only, consistent with a commitment previously provided for the *Appropriation (Coronavirus Economic Response Package) Acts (Nos. 1 and 2) 2019-2020*.

Eligibility requirements and transparency

An Advance may only be issued if the Finance Minister is satisfied that:

- 1) there is an urgent need for expenditure in the current year that is not, or is insufficiently, provided for in the relevant Appropriation Act; and
- 2) the additional expenditure is required due to:
 - a) an erroneous omission or understatement in that Act; or
 - b) being unforeseen until after the last day on which it was practicable to provide for it in the relevant Bill for that Act (before the relevant Bill was introduced into the House of Representatives).

An Advance 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. Accordingly, these Determinations are legislative instruments under the *Legislation Act 2003*, registered on the Federal Register of Legislation and tabled in the Parliament. They are each accessible at <https://www.legislation.gov.au> under the heading “Legislative Instruments”.

A copy of this report is available through the Department of Finance website at: <http://www.finance.gov.au/publications/advance-to-the-finance-minister>

Guidelines on Advances are available under Part 7 – Provisions for appropriation advances, in the *Guide to Appropriations (RMG 100)*, through the Department of Finance website, at: <https://www.finance.gov.au/publications/resource-management-guides/guide-appropriations-rmg-100>

Advances made in 2021-22

Department of Finance

| | |
|------------------|---|
| Portfolio | Finance |
| Entity | Department of Finance (Finance) |
| Outcome | Outcome 2 – Support an efficient and high performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service |
| Program | Property and Construction |

| Sequence | Enabled by | Legislative instrument | Appropriation item | Amount (\$m) | Underspend (\$m) |
|---|--|-----------------------------|---------------------------------|---------------|------------------|
| AFM No. 1 of 2021-2022 19 November 2021 | Section 12 of <i>Appropriation Act (No. 2) 2021-2022</i> | F2021L01581 | Departmental (Equity injection) | 218.00 | 0.00 |
| AFM No. 3 of 2021-2022 16 December 2021 | Section 12 of <i>Appropriation Act (No. 2) 2021-2022</i> | F2021L01795 | Departmental (Equity injection) | 403.00 | 0.00 |
| AFM No. 5 of 2021-2022 10 February 2022 | Section 12 of <i>Appropriation Act (No. 2) 2021-2022</i> | F2022L00129 | Departmental (Equity injection) | 200.00 | 0.00 |
| Total of AFMs | | | | 821.00 | 0.00 |

AFM No. 1 – Construction of Centres for National Resilience

Explanation of Requirement

Additional funding was provided on 19 November 2021, through AFM Determination No. 1, to enable Finance to construct Centres for National Resilience (CNRs) at Mickleham in Victoria, Pinkenba in Queensland and Bullsbrook in Western Australia. The CNRs were urgently required to provide dedicated additional quarantine capacity to manage higher-risk cohorts of international travellers arriving during the COVID-19 pandemic, as Australia reopened to international travel. The CNRs are also intended to provide future contingency, including for natural disasters, health crises, or humanitarian situations.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Appropriation Bill (No. 2) 2021-2022 (Appropriation Bill (No. 2)), before it was introduced into the House of Representatives on 11 May 2021.

AFM No. 3 – Construction of Centres for National Resilience

Explanation of Requirement

Additional funding was provided on 16 December 2021, through AFM Determination No. 3, to support construction works at the CNR Melbourne and early-stage costs for the CNR Perth and the CNR Brisbane.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Appropriation Bill (No. 2), before it was introduced into the House of Representatives on 11 May 2021.

AFM No. 5 – Construction of Centres for National Resilience

Explanation of Requirement

Additional funding was provided on 10 February 2022, through AFM Determination No. 5, to support the completion of construction at the CNR Melbourne and construction works at the CNR Perth and the CNR Brisbane.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Appropriation Bill (No. 2), before it was introduced into the House of Representatives on 11 May 2021.

National Recovery and Resilience Agency

| | |
|------------------|--|
| Portfolio | Prime Minister and Cabinet |
| Entity | National Recovery and Resilience Agency (NRRA) |
| Outcome | Outcome 1 – To lead Commonwealth action and national efforts to improve preparedness for, reduce risks associated with, and support all-hazards relief and recovery from, disasters and emergencies of all kinds, including by providing strategic leadership, policy advice and program delivery, community outreach and stakeholder engagement |
| Program | COVID-19 Support |

| Sequence | Enabled by | Legislative instrument | Appropriation item | Amount (\$m) | Underspend (\$m) |
|--|--|-----------------------------|--------------------|---------------|------------------|
| AFM No. 2 of 2021-2022 11 December 2021 | Section 12 of <i>Appropriation Act (No. 2) 2021-2022</i> | F2022L01771 | Administered | 66.00 | 0.00 |
| AFM No. 4 of 2021-2022 14 January 2022 | Section 10 of <i>Appropriation Act (No. 1) 2021-2022</i> | F2022L00028 | Administered | 920.00 | 0.00 |
| Total of AFMs | | | | 986.00 | 0.00 |

AFM No. 2 – Pandemic Leave Disaster Payment

Explanation of Requirement

Additional funding was provided on 11 December 2021, through AFM Determination No. 2, to the NRRA to support a decision by the Australian Government to extend the availability of the Pandemic Leave Disaster Payment (PLDP) from 1 November 2021 to 30 June 2022. The PLDP is a lump sum payment made to individuals who cannot earn an income because they must self-isolate, quarantine or care for someone who has to self-isolate or quarantine.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Appropriation Bill (No. 2), before it was introduced into the House of Representatives on 11 May 2021.

AFM No. 4 – Pandemic Leave Disaster Payment

Explanation of Requirement

Additional funding was provided on 14 January 2022, through AFM Determination No. 4, to the NRRRA to meet increased demand for the PLDP due to the emergence of the highly transmissible Omicron COVID-19 variant, leading to cases within the community growing significantly. Eligibility for the PLDP was refined to reflect nationally agreed definitions of ‘close contacts’ with revised conditions being applied to the payment.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Appropriation Bill (No. 1) 2021-2022 (Appropriation Bill (No. 1)), before it was introduced into the House of Representatives on 11 May 2021.

Department of Infrastructure, Transport, Regional Development and Communications

| | |
|------------------|---|
| Portfolio | Infrastructure, Transport, Regional Development and Communications |
| Entity | Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) |
| Outcome | Outcome 5 – Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services |
| Program | Digital Technologies and Communications Services |

| Sequence | Enabled by | Legislative instrument | Appropriation item | Amount (\$m) | Underspend (\$m) |
|--|--|-----------------------------|--------------------|---------------|------------------|
| AFM No. 6 of 2021-2022 20 June 2022 | Section 10 of <i>Appropriation Act (No. 1) 2021-2022</i> | F2022L00814 | Administered | 235.00 | 0.00 |
| Total of AFM | | | | 235.00 | 0.00 |

AFM No. 6 – Upgrade of NBN Co Limited’s fixed wireless and satellite networks

Explanation of Requirement

As part of the *Better Connectivity for Rural and Regional Australia Plan*, the Australian Government made an election commitment to provide \$480 million in grant funding towards an upgrade of NBN Co Limited’s (NBN Co’s) fixed wireless and satellite networks in 2021-22. This upgrade will significantly improve broadband services for premises in regional, rural and remote Australia and in peri-urban areas. Additional funding was provided to DITRDC on 20 June 2022, through AFM Determination No. 6, to enable payment of the full grant of \$480 million by DITRDC to NBN Co.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Appropriation Bill (No. 1), before it was introduced into the House of Representatives on 11 May 2021.

ATTACHMENT A: Independent Limited Assurance Report – ANAO



INDEPENDENT LIMITED ASSURANCE REPORT

To the Minister for Finance

Conclusion

Based upon the procedures performed and the evidence I have obtained, nothing has come to my attention that causes me to believe that, in all material respects:

- (a) the Department of Finance's *Report on Advances Provided under the Annual Appropriations Acts for the year ended 30 June 2022* (Report on AFM) does not present fairly the Overview for 2021–22 and Advances made in 2021–22 to the Department of Finance, the National Recovery and Resilience Agency and the Department of Infrastructure, Transport, Regional Development and Communications based on the criteria outlined in this report;
- (b) the controls related to the Department of Finance's administration of Advances to the Finance Minister were not suitably designed to achieve appropriate approval, recording and reporting of Advances to the Finance Minister during the year ended 30 June 2022; and
- (c) the controls did not operate effectively as designed during the year ended 30 June 2022.

My limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Scope and criteria

I have conducted a limited assurance engagement on the Department of Finance's Report on AFM, in order to express a conclusion on the Overview for 2021–22 and Advances made in the 2021–22 financial year based on the following criteria:

- Has the Department of Finance accurately reported the total of the 'Advances Made' and the 'Amount Underspent' in the Report on AFM, in agreement with the Advance to the Finance Minister Determinations Nos. 1 to 6 of 2021–2022.
- Have the records retained by the Department of Finance supported the results of 'Expenditure' and 'Underspend' balances presented in the Report on AFM.

The limited assurance engagement also addresses the design and operating effectiveness of controls within the Department of Finance system throughout the year ended 30 June 2022 relevant to the following control objectives:

- applications for the AFM are only approved where the applying Commonwealth entity provides sufficient information to support compliance with the criteria set out in the Annual Appropriation Acts;
- accounts and records, particularly in respect of the applications for the AFM made are adequately maintained; and
- accounts and records are appropriately reflected in the preparation of the Report on AFM in accordance with the relevant legislative instruments and supporting documents for the expenditure.

Basis for conclusion

I have conducted a limited assurance review in accordance with the ANAO Auditing Standards, which include the relevant Standards on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

The responsibilities of the Secretary of the Department of Finance

The Secretary of the Department of Finance is responsible for the administration of the AFM, the preparation of the above-mentioned Determinations and maintenance of supporting accounts and records relevant to the reporting of the AFM in accordance with Appropriation Acts (Nos. 1 to 4) 2021–2022 and the Appropriation (Coronavirus Response) Acts (Nos. 1 and 2) 2021–2022.

The Secretary is also responsible for such internal control procedures as the Secretary determines necessary to enable the administration of the AFM and preparation of the above-mentioned Determinations that are free from material misstatement, whether due to fraud or error.

Independence and quality control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* in undertaking this assurance review.

Responsibilities of the Auditor-General and his delegate

My responsibility is to express a limited assurance conclusion on the Overview for 2021–22 and Advances made in 2021–22 presented in the Report on AFM and the design and operating effectiveness of the Department of Finance's controls related to AFM, based on my procedures.

ASAE 3000 and ASAE 3150 require that I comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain limited assurance about whether anything has come to our attention that, in all material respects, the Overview for 2021–22 and Advances made in 2021–22 presented in the Report on AFM was not fairly presented as at 30 June 2022 in accordance with the criteria outlined in this report and that the controls were not suitably designed and operated effectively to achieve identified control objectives.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period.

The procedures performed in a limited assurance review vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance review is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the reporting of the AFM or on the internal controls.

I have conducted my limited assurance review by making such enquiries and performing such procedures I considered reasonable in the circumstances, including:

- making enquiries of management and others within the entity, as appropriate;
- examining the internal control design specifications and documentation;
- examining supporting documentation for determinations; and
- evaluating the evidence obtained.

The procedures selected depend on my judgement, including the assessment of the risks that the reporting of the AFM is not complete and accurate or the controls are not suitably designed, implemented or operating effectively.

Limitations of controls

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that I have assured are designed to operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

A limited assurance engagement throughout the specified period on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. A limited assurance engagement throughout the specified period does not provide assurance on whether complete and accurate reporting of the AFM or the outcome of the evaluation of controls will continue in the future.

Australian National Audit Office



Fiona Sheppard
Acting Executive Director
Delegate of the Auditor-General

Canberra
22 November 2022