



AUSTRALIAN GOVERNMENT

**ISSUES FROM THE ADVANCES UNDER
THE ANNUAL APPROPRIATION ACTS**

ANNUAL REPORT 2010-11

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INTRODUCTION

The purpose of the *'Issues From The Advances Under The Annual Appropriation Acts Annual Report 2010-11'* (the Report) is to disclose the use of Advances during the 2010-11 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 2010-11.

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.¹

The sections of the Appropriation Acts which specify the use of Advances can change from year to year. In 2010-11 the relevant sections were:

- Section 13 of *Appropriation Act (No. 1) 2010-2011*;
- Section 15 of *Appropriation Act (No. 2) 2010-2011*; and
- Section 13 of *Appropriation (Parliamentary Departments) Act (No. 1) 2010-2011*.

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.

1 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 2010-11:

	2010-11
Advance to the Finance Minister	
Appropriation Act (No. 1)	\$295 million
Appropriation Act (No. 2)	\$380 million
Advance to the responsible Presiding Officer	
Appropriation (Parliamentary Departments) Act (No. 1)	
- Department of the Senate	\$0.3 million
- Department of the House of Representatives	\$0.3 million
- Department of Parliamentary Services	\$1.0 million

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 2010-11 financial year under the Advance provisions. Cents have been omitted and each amount in the following section is shown to the nearest dollar. Therefore, due to rounding, amounts may not add to the totals.

Determinations made under the Advance provisions in 2010-11

Usage of the Advance provisions in the annual Appropriations Acts during the 2010-11 financial year are summarised in the following table:

	No. of Issues	Total Value of Issues
Advance to the Finance Minister		
Appropriation Act (No. 1)	5	\$60,590,000
Appropriation Act (No. 2)	-	-
Sub-total	5	\$60,590,000
Advance to the responsible Presiding Officer		
Appropriation (Parliamentary Departments) Act (No. 1)	-	-
Sub-total	-	-
Total	5	\$60,590,000

Replenishment of the Advance provisions in 2010-11

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 limits are restored by disregarding amounts determined before the commencement of the subsequent Acts.

The Additional Estimates Appropriation Bills for 2010-11, (Appropriation Bill (No. 3) 2010-2011 and Appropriation Bill (No. 4) 2010-2011) were finalised in February 2011. At that time it was possible that the limits on the Advance might be exhausted before April 2011, 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 31 March 2011. During the period 1 July 2010 to 30 March 2011 a total of \$30,701,000 was issued from *Appropriation Act (No. 1) 2010-2011*. After the commencement of *Appropriation Act (No. 3) 2010-2011* on 31 March 2011, the Finance Minister's access to the full limit of \$295 million provided for in *Appropriation Act (No. 1) 2010-2011* was restored. Therefore, the \$30,701,000 that had already been determined under that Act was excluded from the calculation of the total amount available to be issued under that Act.

The Additional Estimates Appropriation 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) 2010-2011* and subsection 15(2) of *Appropriation Act (No. 4) 2010-2011* 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) 2010-2011

TOTAL AMOUNT ISSUED: \$60,590,000

SUMMARY

Page No.	Portfolio	Issues from the Advance to the Finance Minister	Expenditure
		\$	\$
5	Prime Minister and Cabinet	30,701,000	30,549,309
7	Families, Housing, Community Services and Indigenous Affairs	14,159,000	14,159,000
8	Finance and Deregulation	5,100,000	5,100,000
9	Prime Minister and Cabinet	7,500,000	7,500,000
10	Prime Minister and Cabinet	3,130,000	3,100,000
		60,590,000	60,408,309

APPROPRIATION ACT (No. 1) 2010-2011

Legislative Instrument No. and Title	F2011L00446, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2010-2011</i>		
Number	No. 1 of 2010-2011		
Portfolio	Prime Minister and Cabinet		
Agency	Department of the Prime Minister and Cabinet		
Appropriation Item	Administered Item, Outcome 2		
Outcome	Participation in, and access to, Australia’s arts and culture through developing and supporting cultural expression		
Program	Arts and Cultural Development		
<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
8 March 2011	Erroneous Omission	\$30,701,000	\$30,549,309

Explanation of Requirement

The *Administrative Arrangements Order* of 14 September 2010 transferred the responsibility for cultural affairs, including moveable cultural heritage and support for the arts from the Department of Sustainability, Environment, Water, Population and Communities (DSEWPC) to the Department of the Prime Minister and Cabinet (DPMC).

Funding for this function provided for DSEWPC in *Appropriation Act (No. 1) 2010-2011* for the amount of \$66,574,000 intended for Outcome 5 had been omitted from Outcome 5 for DSEWPC and included against Outcome 1 for DSEWPC.

The *Financial Management and Accountability Act 1997 (FMA Act)* section 32 transfer of appropriation funding from DSEWPC to DPMC (*Financial Management and Accountability Act 1997 Determination 2011/02 – Section 32 (Transfer of Functions from DSEWPC to DPMC)*, FRLI reference F2011L00226) excluded the amount of \$66,574,000 provided to DSEWPC for Outcome 1.

DPMC was provided with additional funding of \$35,873,000 to partially meet the shortfall of \$66,574,000 in *Appropriation Act (No. 3) 2010-2011*.

An Advance of \$30,701,000 was required to ensure that payments could continue to be made as they fell due until appropriation provided in *Appropriation Act (No. 3) 2010-2011* became available. The total funding intended to be provided to DPMC for this function for 2010-11 remained unchanged at \$66,574,000.

Explanation of Underspend

Appropriation provided in *Appropriation Act (No. 3) 2010-2011* became available on 31 March 2011. Some of the funding provided from the Advance was no longer required, resulting in a cash underspend of \$151,691.

APPROPRIATION ACT (No. 1) 2010-2011

Legislative Instrument No. and Title	F2011L01014, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2010-2011</i>
Number	No. 2 of 2010-2011
Portfolio	Families, Housing, Community Services and Indigenous Affairs
Agency	Department of Families, Housing, Community Services and Indigenous Affairs
Appropriation Item	Administered Item, Outcome 5
Outcome	An adequate standard of living, improved capacity to participate economically and socially, and manage life-transitions for people with disability and/or mental illness and carers through payments, concessions, support and care services
Program	Services and Support for People with Disability

<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
6 June 2011	Unforeseen	\$14,159,000	\$14,159,000

Explanation of Requirement

The Helping Children With Autism Early Intervention program (HCWA EI) is a basic payment scheme to assist parents with autistic children to receive multidisciplinary evidence-based early interventions to facilitate improvement in cognitive, emotional and social development prior to a child starting school.

HCWA EI is a demand-driven scheme, and predicting future expenditure is difficult. Expenditure under HCWA EI is affected by a wide range of variables, including the number of parents registering, the diagnosis of autism and the availability of special services being provided.

Analysis in May 2011 showed that based on the current payment schedule, the appropriation provided in *Appropriation Act (No. 1) 2010-2011* for Outcome 5 would be exhausted by 7 June 2011.

An Advance of \$14,159,000 was required to ensure that eligible parents of autistic children under the HCWA EI scheme received their full entitlements in a timely manner.

APPROPRIATION ACT (No. 1) 2010-2011

Legislative Instrument No. and Title	F2011L01016, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2010-2011</i>
Number	No. 3 of 2010-2011
Portfolio	Finance and Deregulation
Agency	Australian Electoral Commission
Appropriation Item	Departmental Item
Outcome	Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services and targeted education and public awareness programs
Program	Other Departmental - AEC

<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
6 June 2011	Unforeseen	\$5,100,000	\$5,100,000

Explanation of Requirement

The Australian Electoral Commission (AEC) is responsible for conducting federal elections. Costs of the 2010 Election were greater than estimated due to a variety of unforeseen occurrences including unprecedented volumes of transaction at the close of polls, a sharp increase in postal vote applications and a strong uptake of early voting options. In addition, the AEC accelerated preparations for the next federal election in recognition of the potential for an election event within the normal three year cycle.

These unforeseen costs were met through the AEC's existing appropriations and analysis in March 2011 showed that appropriation provided in *Appropriation Act (No. 1) 2010-2011* and cash reserves would be exhausted by the end of May 2011.

An Advance of \$5,100,000 was required to enable the AEC to meet employee and supplier commitments in June 2011.

APPROPRIATION ACT (No. 1) 2010-2011

Legislative Instrument No. and Title	F2011L01128, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2010-2011</i>
Number	No. 4 of 2010-2011
Portfolio	Prime Minister and Cabinet
Agency	Department of the Prime Minister and Cabinet
Appropriation Item	Administered Item, Outcome 3
Outcome	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
Program	Sport and Recreation

<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
14 June 2011	Unforeseen	\$7,500,000	\$7,500,000

Explanation of Requirement

In the 2011-2012 Budget, the Government included the measure ‘Supporting football in the lead up to the 2015 Asian Cup’. The measure included expenditure in 2010-11 of \$7,500,000 to ensure the sustainability of football in the lead up to the Asian Cup.

An Advance of \$7,500,000 was required to ensure that payments could be made as they fell due in June 2011.

APPROPRIATION ACT (No. 1) 2010-2011

Legislative Instrument No. and Title	F2011L01350, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2010-2011</i>
Number	No. 5 of 2010-2011
Portfolio	Prime Minister and Cabinet
Agency	Department of the Prime Minister and Cabinet
Appropriation Item	Administered Item, Outcome 3
Outcome	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
Program	Sport and Recreation

<u>Date Issued</u>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>
24 June 2011	Unforeseen	\$3,130,000	\$3,100,000

Explanation of Requirement

In the 2011-2012 Budget, the Government included the measure ‘Supporting football in the lead up to the 2015 Asian Cup’. Additional funding of \$3,130,000 was required in 2010-11 to fund early event planning activity and contribute to the establishment of the Local Organising Committee.

An Advance of \$3,130,000 was required to ensure that payments could be made as they fell due in June 2011.

Explanation of Underspend

The funding agreement for the establishment of the Local Organising Committee totalled \$3.1 million, resulting in a \$30,000 underspend.



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 *Issues from the Advances under the Annual Appropriation Acts* for the year ended 30 June 2011, 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 *Issues from the Advances 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 *Issues from the Advances under the Annual Appropriation Acts* 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 "*Issues from the Advances under the Annual Appropriation Acts Annual Report 2010-11*".

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 Issues from the Advances under the Annual Appropriation Acts for the year ended 30 June 2011 based on the criteria referred to above.

Australian National Audit Office



Carla Jago

Executive Director

Delegate of the Auditor-General

Canberra

9 September 2011