



Australian Government

**REPORT ON ADVANCES PROVIDED
UNDER THE ANNUAL
APPROPRIATION ACTS FOR THE
YEAR ENDED 30 JUNE 2018**

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Table of Abbreviations & Acronyms

<i>Abbreviation/Acronym</i>	<i>Definition</i>
ABS	Australian Bureau of Statistics
AFM	Advance to the Finance Minister
ANAO	Australian National Audit Office
Finance	Department of Finance

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Introduction

Advances under the annual Appropriation Acts enable urgently required allocations to be issued to entities during the year. They are issued by a Determination made by the Minister for Finance (Finance Minister) (or, for a Parliamentary Department, the responsible Presiding Officer) up to a statutory limit in the annual Appropriation Acts.

This Report discloses details of the one Advance provided during the 2017-18 financial year.

The Advance was issued from *Appropriation Act (No. 1) 2017-2018* which allowed the Finance Minister to issue up to \$295 million.

The Australian National Audit Office (ANAO) provided an Independent Review Report to the Finance Minister on the process of issuing Advances in 2017-18. A copy of the ANAO's Report is attached to this Report.

Overview for 2017-18

The ABS was the only entity to be provided with an Advance in 2017-18. The Advance, and the amount underspent, can be summarised as follows:

AFM No.	Entity	Advance Provided	Expenditure (\$'000)	Underspend (\$'000)
1	Australian Bureau of Statistics	122,000	80,500	41,500
Total		122,000	80,500	41,500

This Report provides an explanation of the underspend at page 3.

Authority

The sections of the Appropriation Acts which enable the use of Advances are specific to the relevant Act for the relevant year. In 2017-18 the relevant sections, and the amounts available under them, were:

- Section 10 of *Appropriation Act (No. 1) 2017-2018*, which allowed for \$295 million; and
- Section 12 of *Appropriation Act (No. 2) 2017-2018*, which allowed for \$380 million; and
- Section 11 of *Appropriation (Parliamentary Departments) Act (No. 1) 2017-2018*, which allowed for \$1 million for the Department of Parliamentary Services and \$300,000 each for the Department of the Senate, the Department of the House of Representatives and the Parliamentary Budget Office.

High Court interpretation of the Advance

The use of the Advance was considered by the High Court of Australia in *Wilkie v Commonwealth* [2017] HCA 40. The judgment is available at <http://eresources.hcourt.gov.au/showCase/2017/HCA/40>

Eligibility requirements and transparency

An Advance may only be issued if the Finance Minister (or the responsible Presiding Officer for a Parliamentary Department) is satisfied that:

- 1) there is an urgent need for expenditure 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) the additional expenditure was 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, or the responsible Presiding Officer, 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 (Finance) website at http://www.finance.gov.au/publications/advance_to_the_finance_minister/

Guidelines on Advances are available under the Advances to the Finance Minister (AFM) section in *RMG-100: Guide to appropriations*, through the Finance website, at <http://www.finance.gov.au/resource-management/appropriations/guide-to-appropriations/>.

Advance available in 2017-18

Prior to the commencement of *Appropriation Act (No. 3) 2017-2018*, on 28 March 2018, one Advance had been provided under *Appropriation Act (No. 1) 2017-2018*.

Section 10 of *Appropriation Act (No. 3) 2017-2018* provides that irrespective of any Advances provided before the commencement of that Act, the amount available under section 10 of *Appropriation Act (No. 1) 2017-2018* is restored to the original amount of \$295 million.

Accordingly, the total amount that could have been issued by the Finance Minister during 2017-18, under *Appropriation Act (No. 1) 2017-2018*, was \$417 million.

Advances made in 2017-18

AFM NO. 1

Legislative Instrument	F2017L01005 – Advance to the Finance Minister Determination (No. 1 of 2017-2018)
Enabled by	Section 10 of <i>Appropriation Act (No. 1) 2017-2018</i>
Sequence	No. 1 of 2017-2018, 9 August 2017
Portfolio	Treasury
Entity	Australian Bureau of Statistics (ABS)
Appropriation item	Departmental item
Outcome	Outcome 1 – Decisions on important matters made by governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information
Program	ABS – Departmental – Outcome 1

Legislative Requirement	Amount Issued	Expenditure	Underspend
Unforeseen	\$122,000,000.00	\$80,500,000.00	\$41,500,000.00

Explanation of Requirement

On 8 August 2017, the Government announced that it would proceed with a voluntary postal plebiscite conducted by the ABS (the Australian Marriage Law Postal Survey), if the Senate did not pass the *Plebiscite (Same-Sex Marriage) Bill 2016*. These government decisions were not made until after the *Appropriation Bill (No. 1) 2017-2018* was introduced into the House of Representatives on Tuesday, 9 May 2017. The cost of conducting the Australian Marriage Law Postal Survey was unable to be met from existing resources. The ABS was provided with an AFM of \$122,000,000 to meet these costs.

On 15 January 2018, following the Mid-Year Economic and Fiscal Outlook of 18 December 2017 which recorded the ABS expense as \$80.5 million, access to the underspend of \$41.5 million was withdrawn.

Explanation of Underspend

The \$122,000,000 AFM provided to the ABS to conduct the Australian Marriage Law Postal Survey was based on an estimated cost prepared by the Australian Electoral Commission. The ABS achieved significant efficiencies and cost savings by working in partnership with other Commonwealth agencies, leveraging off existing statistical infrastructure, handpicking a team from within the existing workforce who were best placed to contribute to the project, innovatively working with private providers and applying learnings from the 2016 Census. The final estimated cost of \$80.5 million was provided to the Department of Finance in December 2017, when the majority of the expenditure for the Australian Marriage Law Postal Survey had been finalised.

ATTACHMENT A: Independent Review Report – ANAO



INDEPENDENT REVIEW 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 2018* does not present fairly the Overview for 2017–18 and Advances made in 2017–18;
- (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; and
- (c) the controls did not operate effectively as designed during the year ended 30 June 2018.

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

I have conducted a limited assurance engagement on the Department of Finance's *Report on Advances Provided under the Annual Appropriations Acts for the year ended 30 June 2018* (Report on AFM), in order to express a conclusion on the Overview for 2017–18 and Advances made in 2017–18, presented in the Report on AFM in accordance with the *Annual Appropriation Acts 2017-18* and the relevant legislative instruments of Advances to the Finance Minister (AFM).

The limited assurance engagement also addresses the design and operating effectiveness of controls within the Department of Finance (the controls) related to the AFM throughout the year ended 30 June 2018 relevant to the approval, recording and reporting of AFM.

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 preparation and fair presentation of the Report on AFM in accordance with Appropriation Acts, legislative

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instruments and relevant supporting accounts and records. The Secretary is also responsible for such control procedures as the Secretary determines necessary to enable the preparation and fair presentation of the Report on AFM that are free from material misstatement, whether due to fraud or error.

The Secretary is also responsible for:

- (a) the Department of Finance's administration of AFM;
- (b) identifying the risks that threaten achievement of the review procedures related to controls identified above;
- (c) designing of the system, comprising controls to mitigate those risks, so that those risks will not prevent achievement of the identified review procedures, and therefore the review criteria will be achieved; and
- (d) implementation of the controls as designed throughout the period.

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 the ANAO

My responsibility is to express a conclusion on the fair presentation of the Overview for 2017–18 and Advances made in 2017–18 presented in the Report on AFM and the operating effectiveness of the Department of Finance's controls related to AFM, based on my review.

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, in all material respects, the Overview for 2017–18 and Advances made in 2017–18 presented in the Report on AFM present fairly and the controls within Finance are operating effectively to achieve the review criteria and conclude whether a material misstatement in relation to the AFM is likely to arise.

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 review procedures and the operating effectiveness of controls throughout the period.

In a limited assurance engagement on controls, the assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and examination of design specifications or documentation, and evaluates the evidence obtained. The procedures selected depend on my judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

The extent of my review included:

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- assessing whether applications for the AFM are only approved where the applying agency provides sufficient information to support compliance with the criteria set out in the Annual Appropriation Acts;
- ascertaining whether the accounts and records, particularly in respect of the applications and the AFM made are adequately maintained; and
- assessing 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.

The review is limited primarily to enquiries of Department of Finance's personnel, inspection of evidence and observation of, and enquiry about, the operation of the control procedures. The procedures selected depend on my professional judgement, including assessment of the risks of material deficiencies in the design and/or implementation of the controls.

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 presentation of the AFM or on the controls.

Limitations of Controls

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of controls there is an unavoidable risk that some deficiencies in the design or implementation of controls may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements. Further, the internal control structure, within which the controls that I have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

An assurance engagement 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. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Australian National Audit Office



Bola Oyetunji

Senior Executive Director

Delegate of the Auditor-General

Canberra

10 December 2018

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