

REPORT ON ADVANCES PROVIDED UNDER THE ANNUAL APPROPRIATION ACTS FOR THE YEAR ENDED 30 JUNE 2021

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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 |
| Austrade | Australian Trade and Investment Commission |
| Health | Department of Health |
| Social Services | Department of Social Services |

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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 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 2020-21.

This Report discloses details of the eight AFMs provided during the 2020-21 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 around AFM administration in 2020-21. A copy of the ANAO’s Report is provided at [Attachment A](#AttachmentA) to this Report.

**Overview for 2020-21**

For 2020-21, $50,000 million in total AFM provisions were made available across *Supply Acts (Nos. 1 and 2) 2020-2021* and *Appropriation Acts (Nos. 1 to 4)* *2020-2021.*

There were eight AFMs provided to entities in 2020-21. The AFMs, together with the related expenditure and the amounts underspent, are summarised as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **AFM****No.** |  | **Entity** | **Advance Provided****($’000)** | **Expenditure****($’000)** | **Underspend****($’000)** |
| 1 |  | Department of Infrastructure, Transport, Regional Development and Communications | 250,000 | 250,000 | 0 |
| 2 |  | Australian Trade and Investment Commission | 230,080 | 230,080 | 0 |
| 3 |  | Department of Health | 808,754 | 794,811 | 13,943 |
| 4 |  | Department of Health | 384,060 | 39,086 | 344,974 |
| 5 |  | Department of Infrastructure, Transport, Regional Development and Communications | 71,734 | 71,734 | 0 |
| 6 |  | Department of Social Services | 159,713 | 159,713 | 0 |
| 7 |  | Department of Infrastructure, Transport, Regional Development and Communications | 475,816 | 252,843 | 222,973 |
| **AFM****No.** |  | **Entity** | **Advance Provided****($’000)** | **Expenditure****($’000)** | **Underspend****($’000)** |
| 8 |  | Department of Infrastructure, Transport, Regional Development and Communications | 550,000 | 550,000 | 0 |
| **Total** |  |  | **2,930,157** | **2,348,267** | **581,890** |

The AFM is limited to the financial year of the Appropriation Act under which it is provided. The total underspend reported consequently lapsed on 30 June 2021.

Explanation of the AFM underspends is provided in the ‘Advances made in 2020-21’ section.

## Authority and AFM available in 2020-2021

The sections of the Appropriation Acts which enable the use of AFMs are specific to the relevant Act, for the relevant year. In 2020-21, the relevant sections and the amounts available under them, were:

* **$20,000 million** was provided for the ordinary annual services of government, across the following annual Appropriation Acts:
* Section 10 of *Supply Act (No. 1) 2020-2021* – $16,000 million
	+ Following the commencement of *Appropriation Act (No. 1) 2020-2021* on
	4 December 2020, the Finance Minister was prevented from making further allocations from this provision.
* Section 10 of *Appropriation Act (No. 1) 2020-2021* – $4,000 million
	+ Following the commencement of *Appropriation Act (No. 3) 2020-2021* on
	27 May 2021 any allocation from *Appropriation Act (No. 1) 2020-2021* was disregardedwith the effect of resetting the AFM provision to $4,000 million.
* **$30,000 million** was provided for the non-ordinary annual services of government across the following annual Appropriation Acts:
* Section 12 of *Supply Act (No. 2) 2020-2021* – $24,000 million
	+ Following the commencement of *Appropriation Act (No. 1) 2020-2021* on
	4 December 2020, the Finance Minister was prevented from making further allocations from this provision.
* Section 12 of *Appropriation Act (No. 2) 2020-2021* – $6,000 million
	+ Following the commencement of *Appropriation Act (No. 4) 2020-2021* on
	27 May 2021 any allocation from *Appropriation Act (No. 2) 2020-2021* was disregardedwith the effect of resetting the AFM provision to $6,000 million.

## 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 that is not, or is insufficiently, provided for in the relevant Appropriation Act; and
2. the additional expenditure is required due to:
	1. an erroneous omission or understatement in that Act; or
	2. 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, 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#-part-7-provisions-for-appropriation-advances->

**Advances made in 2020-21**

**Department of Infrastructure, Transport, Regional Development and Communications**

|  |  |
| --- | --- |
| **Portfolio**  | Infrastructure |
| **Entity** | Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) |
| **Outcome** | Outcome 3 – Strengthening the sustainability, capacity and diversity of our cities and regional economies including through facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance |
| **Program** | Local Government  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sequence** | **Enabled by** | **Legislative Instrument** | **Appropriation item** | **Amount** **($m)** | **Underspend ($m)** |
| **AFM No. 1** of 2020-20212 July 2020 | Section 12 of *Supply Act (No. 2)**2020-2021* | [F2020L00875](https://www.legislation.gov.au/Details/F2020L00875) | State, ACT, NT and local government  | 250.00 | 0.00 |
| **Total of AFM**  |  |  |  | **250.00** | **0.00** |

## AFM No. 1 – Local Roads and Community Infrastructure Program

## Explanation of Requirement

Additional funding was provided on 2 July 2020, through AFM Determination No. 1, to enable DITRDC to support the Local Roads and Community Infrastructure (LRCI) program. The funding was provided to local governments for delivery of the LRCI projects to boost economic activity in response to the COVID‑19 Pandemic.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in *Supply Bill (No. 2) 2020‑2021* (Supply Bill (No. 2)), before it was introduced into the House of Representatives. Supply Bill (No. 2) was introduced into the House of Representatives on 23 March 2020.

## Explanation of Underspend

The AFM allocated for the LRCI program was fully spent.

|  |  |
| --- | --- |
| **Outcome** | Outcome 2 – An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations |
| **Program** | Air Transport  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sequence** | **Enabled by** | **Legislative Instrument** | **Appropriation item** | **Amount ($m)** | **Underspend ($m)** |
| **AFM No. 5** of 2020-202125 November 2020 | Section 10 of *Supply Act* *(No. 1)* *2020-2021* | [F2020L01483](https://www.legislation.gov.au/Details/F2020L01483) | Administered  |  71.73 | 0.00 |
| **AFM No. 7** of 2020-2021 12 April 2021 | Section 10 of *Appropriation Act (No. 1)* *2020-2021* | [F2021L00431](https://www.legislation.gov.au/Details/F2021L00431) | Administered  |  475.82 | 222.97 |
| **AFM No. 8** of 2020-2021 24 June 2021 | Section 10 of *Appropriation Act (No. 1) 2020-2021* | [F2021L00829](https://www.legislation.gov.au/Details/F2021L00829) | Administered  |  550.00 | 0.00 |
| **Total of AFMs**  |  |  |  | **1,097.55** | **222.97** |

## AFM No. 5 – Extension of the Domestic Aviation Network Support Program

## Explanation of Requirement

Additional funding was provided on 25 November 2020, through AFM Determination No. 5, to support the Government’s decision to extend the Domestic Aviation Network Support (DANS) program.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in *Supply Bill (No. 1) 2020‑2021* (Supply Bill (No. 1)), before it was introduced into the House of Representatives. Supply Bill (No. 1) was introduced into the House of Representatives on 23 March 2020.

## Explanation of Underspend

The AFM allocated for the extension of the DANS program was fully spent.

## AFM No. 7 – Support for the Aviation Sector

## Explanation of Requirement

Additional funding was provided on 12 April 2021, through AFM Determination No. 7, to enable DITRDC to support the aviation sector for an extension to the DANS program announced in December 2020 and the Aviation component of the Tourism and Aviation Stimulation Package announced in March 2021.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in *Appropriation Bill (No. 1) 2020-2021* (Appropriation Bill (No. 1)), before it was introduced into the House of Representatives. Appropriation Bill (No. 1) was introduced into the House of Representatives on 6 October 2020.

## Explanation of Underspend

The additional funding provided includes a combination of required funding for the COVID-19 Response Package - continuing aviation support measure as published in the 2020-21 Mid-Year Economic and Fiscal Outlook and the 2020-21 components of the 11 March 2021 announcement of a $1.2 billion package over two years to boost economic activity relating to Tourism and Aviation.

A large contributor to the $223 million underspend was the late-May 2021 lockdown, which continues to greatly impact the aviation sector. As the timing and severity of border restrictions cannot be predicted, demand driven programs such as the Tourism Aviation Network Support (TANS) and DANS are significantly impacted.

##

## AFM No. 8 – Payment to Airservices Australia

## Explanation of Requirement

Additional funding was provided on 24 June 2021, through AFM Determination No. 8, for DITRDC to make payment to Airservices Australia. The funding provided support for critical air navigation, air traffic control, and aviation fire and rescue services at Australian airports.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in *Appropriation Bill (No. 3) 2020-2021* (Appropriation Bill (No. 3)), before it was introduced into the House of Representatives. Appropriation Bill (No. 3) was introduced into the House of Representatives on 18 February 2021.

## Explanation of Underspend

The AFM allocated for payment to Airservices Australia was fully spent.

**Australian Trade and Investment Commission**

|  |  |
| --- | --- |
| **Portfolio**  | Foreign Affairs and Trade |
| **Entity** | Australian Trade and Investment Commission (Austrade) |
| **Outcome** | Outcome 1 – Contribute to Australia’s economic prosperity by promoting Australia’s export and other international economic interests through the provision of information, advice and services to business, associations, institutions and government |
| **Program** | Programs to promote Australia’s exports and other international economic interests |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sequence** | **Enabled by** | **Legislative Instrument** | **Appropriation item** | **Amount** **($m)** | **Underspend ($m)** |
| **AFM No. 2** of 2020-202124 August 2020 | Section 10 of *Supply Act (No. 1)* *2020-2021* | [F2020L01057](https://www.legislation.gov.au/Details/F2020L01057) | Administered  | 230.08 | 0.00 |
| **Total of AFM**  |  |  |  | **230.08** | **0.00** |

## AFM No. 2 – International Freight Assistance Mechanism

## Explanation of Requirement

Additional funding was provided on 24 August 2020, through AFM Determination No. 2, to enable Austrade to extend the International Freight Assistance Mechanism (IFAM) program. The IFAM ensured that air freight connections between Australia and our key markets for premium and perishable agricultural produce remained open by underwriting domestic and international airfreight connectivity.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Supply Bill (No. 1), before it was introduced into the House of Representatives. Supply Bill (No. 1) was introduced into the House of Representatives on 23 March 2020.

## Explanation of Underspend

The AFM allocated for the IFAM program was fully spent.

**Department of Health**

|  |  |
| --- | --- |
| **Portfolio**  | Health |
| **Entity** | Department of Health (Health) |
| **Outcome** | Outcome 5 – Protection of the health and safety of the Australian community and preparedness to respond to national health emergencies and risks, including through immunisation, initiatives, and regulation of therapeutic goods, chemicals, gene technology, and blood organ products |
| **Program** | Health Protection and Emergency Response |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sequence** | **Enabled by** | **Legislative Instrument** | **Appropriation item** | **Amount** **($m)** | **Underspend ($m)** |
| **AFM No. 3** of 2020-202128 September 2020 | Section 10 of *Supply Act* *(No. 1)* *2020-2021* | [F2020L01237](https://www.legislation.gov.au/Details/F2020L01237) | Administered  |  808.75 |  13.94 |
| **AFM No. 4** of 2020-202130 September 2020 | Section 12 of *Supply Act* *(No. 2)* *2020-2021* | [F2020L01273](https://www.legislation.gov.au/Details/F2020L01273) | Administered  |  384.06 | 344.97 |
| **Total of AFMs**  |  |  |  | **1,192.81** | **358.91** |

## AFM No. 3 – COVID-19 Vaccines and the COVAX Facility

Explanation of Requirement

Additional funding was provided on 28 September 2020, through AFM Determination No. 3, to enable Health to meet payments to access and produce COVID-19 vaccine candidates and support Australia’s commitments to the COVAX facility.

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Supply Bill (No. 1), before it was introduced into the House of Representatives. Supply Bill (No. 1) was introduced into the House of Representatives on 23 March 2020.

Explanation of Underspend

The underspend was a result of the decision not to proceed with the University of Queensland COVID-19 vaccine supply contract that was originally provided for by the AFM.

## AFM No. 4 – Purchase of additional personal protective equipment and essential medical supplies for the National Medical Stockpile

Explanation of Requirement

Additional funding was provided on 30 September 2020, through AFM Determination No. 4, to support Health to purchase additional personal protective equipment and essential medical supplies for the National Medical Stockpile (NMS).

The additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in Supply Bill (No. 2), before it was introduced into the House of Representatives. Supply Bill (No. 2) was introduced into the House of Representatives on 23 March 2020.

Explanation of Underspend

The underspend was due to the delay of scheduled payments under various NMS supply agreements. These contractual delays meant that payments anticipated to be made from the AFM were able to be funded instead from *Appropriation Act (No. 2) 2020-2021*.

**Department of Social Services**

|  |  |
| --- | --- |
| **Portfolio**  | Social Services |
| **Entity** | Department of Social Services (Social Services) |
| **Outcome** | Outcome 2 – Contribute to stronger and more resilient individuals, families and communities by providing targeted services and initiatives |
| **Program** | Financial Wellbeing Capability, Civil Society, Strengthening Communities National Initiative |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sequence** | **Enabled by** | **Legislative Instrument** | **Appropriation item** | **Amount ($m)** | **Underspend ($m)** |
| **AFM No. 6** of 2020-202126 November 2020 | Section 10 of *Supply Act (No. 1)* *2020-2021* | [F2020L01493](https://www.legislation.gov.au/Details/F2020L01493) | Administered  | 159.71 | 0.00 |
| **Total of AFM** |  |  |  | **159.71** | **0.00** |

## AFM No. 6 – Community Grants

Explanation of Requirement

Additional funding was provided on 26 November 2020, through AFM Determination No. 6, to enable Social Services to support grant payments to not-for-profit organisations in December 2020.

This additional funding ensured operational continuity of support to not-for-profit organisations by providing funding for grant payments relating to the Financial Wellbeing Capability, Civil Society, and Strengthening Communities National Initiative programs due in early December 2020, ahead of the commencement of *Appropriation Act (No. 1) 2020-2021*.

Explanation of Underspend

The AFM allocated for Community Grants was fully spent.

# ATTACHMENT A: Independent Review Report – ANAO

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