



Australian Government

**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

Contents

Introduction.....	1
Overview for 2020-21	1
Authority and AFM available in 2020-2021.....	2
Eligibility requirements and transparency	3
Advances made in 2020-21.....	4
Department of Infrastructure, Transport, Regional Development and Communications	4
AFM No. 1 – Local Roads and Community Infrastructure Program	4
AFM No. 5 – Extension of the Domestic Aviation Network Support Program	5
AFM No. 7 – Support for the Aviation Sector	6
AFM No. 8 – Payment to Airservices Australia.....	6
Australian Trade and Investment Commission	7
AFM No. 2 – International Freight Assistance Mechanism	7
Department of Health	8
AFM No. 3 – COVID-19 Vaccines and the COVAX Facility	8
AFM No. 4 – Purchase of additional personal protective equipment and essential medical supplies for the National Medical Stockpile	9
Department of Social Services.....	10
AFM No. 6 – Community Grants	10
ATTACHMENT A: Independent Review Report – ANAO.....	11

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](#) 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 disregarded with 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 disregarded with 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:
 - 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, 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 2020-2021 2 July 2020	Section 12 of <i>Supply Act (No. 2) 2020-2021</i>	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 2020-2021 25 November 2020	Section 10 of <i>Supply Act (No. 1) 2020-2021</i>	F2020L01483	Administered	71.73	0.00
AFM No. 7 of 2020-2021 12 April 2021	Section 10 of <i>Appropriation Act (No. 1) 2020-2021</i>	F2021L00431	Administered	475.82	222.97
AFM No. 8 of 2020-2021 24 June 2021	Section 10 of <i>Appropriation Act (No. 1) 2020-2021</i>	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 2020-2021 24 August 2020	Section 10 of <i>Supply Act (No. 1) 2020-2021</i>	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 2020-2021 28 September 2020	Section 10 of <i>Supply Act (No. 1)</i> 2020-2021	F2020L01237	Administered	808.75	13.94
AFM No. 4 of 2020-2021 30 September 2020	Section 12 of <i>Supply Act (No. 2)</i> 2020-2021	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 2020-2021 26 November 2020	Section 10 of <i>Supply Act (No. 1) 2020-2021</i>	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



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 2021* (Report on AFM) does not present fairly the Overview for 2020–21 and Advances made in 2020–21 to the Department of Infrastructure, Transport, Regional Development and Communications, Australian Trade and Investment Commission, Department of Health and the Department of Social Services 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 2021; and
- (c) the controls did not operate effectively as designed during the year ended 30 June 2021.

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 2020–21 and Advances made in the 2020–21 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 8 of 2020–2021?
- Has 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 2021 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 Supply Acts Nos. 1 and 2 2020–2021 and Appropriation Acts Nos. 1 to 4 2020–2021.

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

My responsibility is to express a limited assurance conclusion on the Overview for 2020–21 and Advances made in 2020–21 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 2020–21 and Advances made in 2020–21 presented in the Report on AFM was not fairly presented as at 30 June 2021 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



Sally Bond

Executive Director

Delegate of the Auditor-General

Canberra

27 September 2021