



**Australian Government**

REPORT ON  
ADVANCES PROVIDED UNDER  
THE ANNUAL APPROPRIATION ACTS  
FOR THE YEAR ENDED 30 JUNE 2013

© Commonwealth of Australia 2014

ISBN 978-1-922096-28-9

With the exception of the Commonwealth Coat of Arms, all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia (<http://creativecommons.org/licenses/by/3.0/au/>) licence.

To the extent that copyright subsists in a third party, permission will be required from the third party to reuse the material.



The document is to be attributed as the *Commonwealth of Australia, Report on Advances provided under the annual Appropriation Acts for the year ended 30 June 2013*.

### Contact Us

Inquiries regarding the licence and any use of this document are welcome at:

Director, Communications and Public Affairs  
Department of Finance  
John Gorton Building  
King Edward Terrace  
PARKES ACT 2600  
AUSTRALIA  
Email: [CAPA@finance.gov.au](mailto:CAPA@finance.gov.au)

### Use of the Coat of Arms

The terms under which the Coat of Arms can be used are detailed on the following website:  
<http://www.itsanhonour.gov.au/coat-arms/>

### Internet

This annual report can be downloaded from the Department's web site at:  
[www.finance.gov.au/publications/advance\\_to\\_the\\_finance\\_minister/index.html](http://www.finance.gov.au/publications/advance_to_the_finance_minister/index.html)

## Table of Abbreviations & Acronyms

<i>Abbreviation/Acronym</i>	<i>Definition</i>
AFM	Advance to the Finance Minister
ANAO	Australian National Audit Office
DEEWR	Department of Education, Employment and Workplace Relations
DRALGAS	Department of Regional Australia, Local Government, Arts and Sport
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
Finance	Department of Finance
GEERS	General Employee Entitlements and Redundancy Scheme
Health	Department of Health and Ageing

## Table of Contents

<b>INTRODUCTION .....</b>	<b>1</b>
MACHINERY OF GOVERNMENT CHANGES.....	1
OVERVIEW FOR 2012-13 .....	1
AUTHORITY .....	2
ELIGIBILITY REQUIREMENTS AND TRANSPARENCY .....	2
REPLENISHMENT OF THE ADVANCE IN 2012-13 .....	2
AVOIDING APPROPRIATION DUPLICATION.....	3
IMPROVEMENTS TO THE DRAFTING OF ADVANCE DETERMINATIONS .....	3
<b>ADVANCES MADE IN 2012-13.....</b>	<b>4</b>
AFM NO. 1: DEEWR: OUTCOME 4 .....	4
<i>Explanation of Requirement.....</i>	<i>4</i>
<i>Explanation of Underspend.....</i>	<i>4</i>
AFM NO. 2: HEALTH: OUTCOME 13 .....	5
<i>Explanation of Requirement.....</i>	<i>5</i>
AFM NO. 3: FAHCSIA: OUTCOME 1.....	6
<i>Explanation of Requirement.....</i>	<i>6</i>
AFM NO. 4: HEALTH, OUTCOMES 10 AND 14.....	7
<i>Explanation of Requirement: Outcome 10.....</i>	<i>7</i>
<i>Explanation of Underspend: Outcome 10 .....</i>	<i>8</i>
<i>Explanation of Requirement: Outcome 14 .....</i>	<i>8</i>
<i>Explanation of Underspend: Outcome 14 .....</i>	<i>8</i>
AFM NO. 5: DRALGAS: OUTCOME 4.....	9
<i>Explanation of Requirement.....</i>	<i>9</i>
<b>ATTACHMENT: INDEPENDENT REVIEW REPORT – ANAO.....</b>	<b>10</b>

## INTRODUCTION

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

This Report discloses details of the five Advances provided during the 2012-13 financial year.

All of the Advances issued were from *Appropriation Act (No. 1) 2012-2013* which, initially, allowed the then Finance Minister to issue up to \$295 million. This was later increased, through the *Appropriation Act (No. 3) 2012-2013*, to a potential total that could be issued in 2012-13 of just over \$426 million. Nonetheless, the total amount issued during 2012-13 was just under \$241.5 million.

The Australian National Audit Office (ANAO) provided an Independent Review Report to the Minister for Finance on the process of issuing Advances in 2012-13: see the Attachment to this Report.

### MACHINERY OF GOVERNMENT CHANGES

This Report refers to Departments by the names that applied when they received the relevant Advance. On 18 September 2013, the four Departments that had received Advances during 2012-13 were affected by machinery of Government changes as follows:

- 1) the Department of Education, Employment and Workplace Relations (DEEWR) was abolished: it was replaced by the Department of Education and the Department of Employment;
- 2) the Department of Regional Australia, Local Government, Arts and Sport (DRALGAS) was abolished, and its functions were transferred to several other Departments;
- 3) the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) was renamed as the Department of Social Services; and
- 4) the Department of Health and Ageing (Health) was renamed as the Department of Health.

### OVERVIEW FOR 2012-13

In short, four Departments sought five Advances in 2012-13, addressing a total of six separate appropriations (because one Advance addressed two administered outcome appropriations for Health). Three Advances were used in full and two were only partially used, with their combined underspend totalling just under \$21.5 million out of \$241.5 million issued. The Advances, and the amounts underspent, can be summarised as follows:

AFM No.	Department/Outcome	Advance Provided	Expenditure	Underspend
1	DEEWR, outcome 4	\$24,117,394.97	\$3,470,170.86	\$20,647,224.11
2	Health, outcome 13	\$107,000,000.00	\$107,000,000.00	0
3	FaHCSIA, outcome 1	\$91,017,000.00	\$91,017,000.00	0
4	} Health, outcome 10 Health, outcome 14	\$12,500,000.00	\$12,000,000.00	\$500,000.00
4		\$2,200,000.00	\$2,040,247.97	\$159,752.03
5	DRALGAS, outcome 4	\$4,632,500.00	\$4,632,500.00	0
<b>Total</b>		<b>\$241,466,894.97</b>	<b>\$220,159,918.83</b>	<b>\$21,306,976.14</b>

## **AUTHORITY**

The sections of the Appropriation Acts which specify the use of Advances are specific to the relevant Act for the relevant year. In 2012-13 the relevant sections, and the amounts available under them, were:

- Section 13 of *Appropriation Act (No. 1) 2012-2013*, which allowed for \$295 million, with just over \$131 million then being replenished at the commencement of *Appropriation Act (No. 3) 2012-2013*: see below under the heading “Replenishment of the Advance in 2012-13: Additional Estimates”);
- Section 15 of *Appropriation Act (No. 2) 2012-2013*, which allowed \$380 million; and
- Section 13 of *Appropriation (Parliamentary Departments) Act (No. 1) 2012-2013*, which allowed \$1 million for the Department of Parliamentary Services and \$300,000 each for the Departments of the Senate and the House of Representatives.

## **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 *Legislative Instruments Act 2003*, registered on the Federal Register of Legislative Instruments and tabled in the Parliament. They are each accessible at <http://www.comlaw.gov.au> under the heading “Legislative Instruments”.

Guidelines on Advances, and a copy of this report, are both available through the website of the Department of Finance (Finance) at: <http://www.finance.gov.au/budget/budget-process/advance-to-finance-minister.html>.

## **REPLENISHMENT OF THE ADVANCE IN 2012-13**

When *Appropriation Act (No. 3) 2012-2013* commenced, on 28 March 2013, Advances provided to that point under *Appropriation Act (No. 1) 2012-2013* totalled \$131,117,394.97.

The AFM was replenished, on 28 March 2013, back to \$295 million.

Accordingly, the total amount that could have been issued by the then Finance Minister during 2012-13 was \$426,117,394.97 (comprising the initial \$295 million plus \$131,117,394.97 that again became available on 28 March 2013).

## **AVOIDING APPROPRIATION DUPLICATION**

*Appropriation Act (No. 3) 2012-2013* and *Appropriation Act (No. 4) 2012-2013* comprised the Additional Estimates Appropriation Acts in 2012-13.

These Acts contained provisions that prevented the same expenditure being appropriated by them where appropriation had already been made available by an Advance. This issue can particularly arise when urgent expenditure is required between the introduction of the Bills and their commencement as an Act.

An example appears in subsection 13(2) of *Appropriation Act (No. 3) 2012-2013*. This provision ensured that if the Act provided an amount, and the Finance Minister had determined an Advance for the same expenditure by the time the Act commenced, then the appropriation would be reduced by the Advance.

The provision took effect in relation to DEEWR for AFM No. 1, ensuring that DEEWR was not over-appropriated for the relevant expenditure.

## **IMPROVEMENTS TO THE DRAFTING OF ADVANCE DETERMINATIONS**

Certain changes were made to the structure of the determination and the explanatory statement during 2012-13.

For example, the determination for AFM No. 4 and No. 5 included a note that referred to the explanatory statement which set out the text for administered outcomes affected by the determinations. Also, the explanatory statement included information about consultation that had occurred in preparing the Advance and expected impact of the Advance.

## ADVANCES MADE IN 2012-13

<b>AFM No. 1:</b>	<b>DEEWR: OUTCOME 4</b>								
<b>Legislative Instrument</b>	F2013L00553, Advance to the Finance Minister – Section 13 of <i>Appropriation Act (No. 1) 2012-2013</i>								
<b>Sequence</b>	No. 1 of 2012-13, 8 March 2013								
<b>Portfolio</b>	Education, Employment and Workplace Relations								
<b>Agency</b>	Department of Education, Employment and Workplace Relations (DEEWR)								
<b>Appropriation Item</b>	Administered Item, Outcome 4								
<b>Outcome text</b>	Safer, fairer and more productive workplaces for employers and employees by promoting and supporting the adoption of fair and flexible workplace arrangements and safer working arrangements								
<b>Program</b>	Employee Assistance								
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Legislative Requirement</u></th> <th style="text-align: right;"><u>Amount Issued</u></th> <th style="text-align: right;"><u>Expenditure</u></th> <th style="text-align: right;"><u>Underspend</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Unforeseen</td> <td style="text-align: right;">\$24,117,394.97</td> <td style="text-align: right;">\$3,470,170.86</td> <td style="text-align: right;">\$20,647,224.11</td> </tr> </tbody> </table>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	<u>Underspend</u>	Unforeseen	\$24,117,394.97	\$3,470,170.86	\$20,647,224.11
<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	<u>Underspend</u>						
Unforeseen	\$24,117,394.97	\$3,470,170.86	\$20,647,224.11						

### ***EXPLANATION OF REQUIREMENT***

The General Employee Entitlements and Redundancy Scheme (GEERS) is a safety net scheme to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements.

During 2012-13, GEERS estimates were increased by \$45.424 million and that increase was included in *Appropriation Bill (No. 3) 2012-2013*. However, analysis showed that the GEERS appropriation of \$202.975 million would become exhausted before that Bill commenced. By mid-March 2013, an additional \$24.117 million was expected to be needed to meet the commitments of GEERS up to 5 April 2013 (assuming that the other elements of Outcome 4 would be spent at their anticipated rates.).

### ***EXPLANATION OF UNDERSPEND***

Expenditure under GEERS could not be definitively predicted because it was affected by a wide range of variables. These include the number of companies placed into liquidation, the number of claimants for GEERS assistance, the industrial instruments that determine claimants' employment arrangements and entitlements outstanding at the time of insolvency.

The Advance request was based on the best information available at the time, noting the expectation that GEERS payments are settled expeditiously.

Payment for some of the cases identified to support the Advance request did not eventuate during the period because, for example, DEEWR and the insolvency practitioner had not determined the final legal entitlements due to the former employee. In other cases, the final amount of employee entitlements was less than the amount originally estimated. In addition, the remaining Outcome 4 programs underspent by \$3.5 million.

<b>AFM No. 2:</b>	<b>HEALTH: OUTCOME 13</b>						
<b>Legislative Instrument</b>	F2013L00558, Advance to the Finance Minister — Section 13 of <i>Appropriation Act (No. 1) 2012-2013</i>						
<b>Sequence</b>	No. 2 of 2012-13, 26 March 2013						
<b>Portfolio</b>	Health and Ageing						
<b>Agency</b>	Department of Health and Ageing (Health)						
<b>Appropriation Item</b>	Administered Item, Outcome 13						
<b>Outcome text</b>	Acute Care - Improved access to public hospitals, acute care services and public dental services, including through targeted strategies, and payments to State and Territory Governments						
<b>Program</b>	Public Hospitals and Information						
	<table border="0"> <thead> <tr> <th><u>Legislative Requirement</u></th> <th><u>Amount Issued</u></th> <th><u>Expenditure</u></th> </tr> </thead> <tbody> <tr> <td>Unforeseen</td> <td>\$107,000,000</td> <td>\$107,000,000</td> </tr> </tbody> </table>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	Unforeseen	\$107,000,000	\$107,000,000
<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>					
Unforeseen	\$107,000,000	\$107,000,000					

***EXPLANATION OF REQUIREMENT***

Urgent payments were required to be made directly to the Victorian Local Hospital Networks through the Local Hospital Network Special Account.

This occurred in accordance with a decision of the then Government.

<b>AFM No. 3:</b>	<b>FAHCSIA: OUTCOME 1</b>						
<b>Legislative Instrument</b>	F2013L01045, Advance to the Finance Minister — Section 13 of <i>Appropriation Act (No. 1) 2012-2013</i>						
<b>Sequence</b>	No. 3 of 2012-13, 18 June 2013						
<b>Portfolio</b>	Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)						
<b>Agency</b>	Department of Families, Housing, Community Services and Indigenous Affairs						
<b>Appropriation Item</b>	Administered Item, Outcome 1						
<b>Outcome text</b>	Improved child development, safety and family functioning through support services for all Australians, payments for low and medium income families with children, and child support policy						
<b>Program</b>	Family Support						
	<table> <thead> <tr> <th><u>Legislative Requirement</u></th> <th><u>Amount Issued</u></th> <th><u>Expenditure</u></th> </tr> </thead> <tbody> <tr> <td>Unforeseen</td> <td>\$91,017,000</td> <td>\$91,017,000</td> </tr> </tbody> </table>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	Unforeseen	\$91,017,000	\$91,017,000
<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>					
Unforeseen	\$91,017,000	\$91,017,000					

#### ***EXPLANATION OF REQUIREMENT***

As part of the 2013-14 Budget, the then Government sought to ensure continuity of funding for services under the Family Support Program and agreed to bring forward payments of \$91.587 million from 2013-14 into 2012-13.

This decision enabled the mid-year payment to be executed to service providers in the last week of June 2013, instead of in July 2013. The intention of the early payment was to ensure that service providers had uninterrupted access to core operational funding, particularly in instances where 2012-13 funds would be fully expended by 30 June 2013.

FaHCSIA did not have sufficient 2012-13 funds within Outcome 1 to cover this amount, with only \$570,000 being met from existing resources. Therefore, in the absence of additional 2012-13 Appropriation Bills, there was a requirement for an Advance of \$91.017 million.

**AFM No. 4: HEALTH, OUTCOMES 10 AND 14****Legislative Instrument** F2013L01211, Advance to the Finance Minister — Section 13 of *Appropriation Act (No. 1) 2012-2013***Sequence** No. 4 of 2012-13, 27 June 2013**Portfolio** Health and Ageing**Agency** Department of Health and Ageing (Health)**Appropriation Item** Administered Item, Outcome 10**Outcome text** Health System Capacity and Quality - Improved long-term capacity, quality and safety of Australia's health care system to meet future health needs, including through investment in health infrastructure, international engagement, consistent performance reporting and research**Program** Health Infrastructure

<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	<u>Underspend</u>
Unforeseen	\$12,500,000	\$12,000,000	\$500,000

**Appropriation Item** Administered Item, Outcome 14**Outcome text** Biosecurity and Emergency Response - Preparedness to respond to national health emergencies and risks, including through surveillance, regulation, prevention, detection and leadership in national health coordination**Program** Health Emergency Planning and Response

<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	<u>Underspend</u>
Unforeseen	\$2,200,000.00	\$2,040,247.97	\$159,752.03

***EXPLANATION OF REQUIREMENT: OUTCOME 10***

This requirement had two components. First, the then Government agreed to provide a \$12 million contribution to Epworth HealthCare for the Complex Care Unit being constructed within the Epworth Geelong Teaching Hospital. The proposed facility is to assist workforce development and training in treating patients with critical cardiac and neurological conditions.

Second, the private hospital is to be linked to Deakin University's Faculty of Health Sciences and would provide clinical training experiences for medical, nursing and allied health students. On 21 July 2013, the then Government announced an additional \$0.5 million in 2012-13 for new projects aimed at ending female genital mutilation, targeting issues including its prevalence, its effect on childbirth, cultural sensitivities, and education for young male migrants.

***EXPLANATION OF UNDERSPEND: OUTCOME 10***

The Government contribution to the Epworth HealthCare Geelong Hospital project and the ending of FGM were both fully paid in 2012-13. The underspend against the Advance was due to delayed payments against other initiatives within Outcome 10 which reduced the need to rely on the Advance.

***EXPLANATION OF REQUIREMENT: OUTCOME 14***

In the 2013-2014 Budget, the then Government agreed to provide \$5 million in 2012-13 to assist the Australian Red Cross Society to perform its health related work in humanitarian relief and community support in Australia. \$2.8 million was met from existing resources within Outcome 14, which reduced the Advance requirement to \$2.2 million.

***EXPLANATION OF UNDERSPEND: OUTCOME 14***

The Government contribution to the Australian Red Cross Society was fully paid in 2012-13. The underspend against the Advance was due to delayed payments against other initiatives within Outcome 14 which further reduced the need to rely on the Advance.

<b>AFM No. 5:</b>	<b>DRALGAS: OUTCOME 4</b>						
<b>Legislative Instrument</b>	F2013L01265, Advance to the Finance Minister — Section 13 of <i>Appropriation Act (No. 1) 2012-2013</i>						
<b>Sequence</b>	No. 5 of 2012-13, 28 June 2013						
<b>Portfolio</b>	Regional Australia, Local Government, Arts and Sport						
<b>Agency</b>	Department of Regional Australia, Local Government, Arts and Sport (DRALGAS)						
<b>Appropriation Item</b>	Administered Item, Outcome 4						
<b>Outcome text</b>	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						
<b>Program</b>	Sport and Recreation						
	<table> <thead> <tr> <th><u>Legislative Requirement</u></th> <th><u>Amount Issued</u></th> <th><u>Expenditure</u></th> </tr> </thead> <tbody> <tr> <td>Unforeseen</td> <td>\$4,632,500</td> <td>\$4,632,500</td> </tr> </tbody> </table>	<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>	Unforeseen	\$4,632,500	\$4,632,500
<u>Legislative Requirement</u>	<u>Amount Issued</u>	<u>Expenditure</u>					
Unforeseen	\$4,632,500	\$4,632,500					

***EXPLANATION OF REQUIREMENT***

DRALGAS did not have any 2012-13 administered funds within Outcome 4 to cover amounts payable as at 30 June 2013. All 2012-13 funds within the Outcome were committed and to be expended by 30 June 2013.

Therefore, in the absence of additional 2012-13 Appropriation Bills, there was a requirement for an Advance of \$4,632,500 to meet Government decisions relating to Netball Australia, the Special Olympics Asia Pacific Games, and a number of small regional sporting infrastructure projects.

# ATTACHMENT: INDEPENDENT REVIEW REPORT – ANAO



## INDEPENDENT REVIEW REPORT

### To the Minister for Finance

I have reviewed the Department of Finance's control procedures and documentation in relation to the Advances provided under the Annual Appropriation Acts for the year ended 30 June 2013, 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 is responsible for designing, implementing and maintaining an effective internal control structure including control procedures in relation to the Advances provided under the Annual Appropriation Acts.

#### *Auditor's Responsibility*

I have conducted an independent review of control procedures implemented by the Department of Finance with respect to Advances provided under the Annual Appropriation Acts for the year ended 30 June 2013 in order to state whether, there is anything that has come to my attention that would indicate that they are not adequately designed and operating effectively. The extent of my examination included:

- assessing whether applications for the Advances provided under the Annual Appropriation Acts 2012–13 were only approved where the applying agencies provided sufficient information to support their compliance with the criteria set out in the Appropriation Acts;
- ascertaining whether the accounts and records, particularly in respect of the applications and Advances were adequately maintained; and
- assessing the completeness and accuracy of the publication titled, "*Report on Advances provided under the Annual Appropriation Acts for the year ended 30 June 2013*".

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 did not maintain, in all significant respects, control procedures for approvals in relation to the Advances provided under the Annual Appropriation Acts for the year ended 30 June 2013 based on the criteria referred to above.

Australian National Audit Office



Carla Jago  
Executive Director  
Delegate of the Auditor-General  
Canberra  
4 December 2013