

# Explanatory Statement

## ***Appropriation Act (No. 1) 2010-2011, Section 13 – Advance to the Finance Minister***

### **The instrument to which this explanatory statement relates**

This explanatory statement relates to an instrument (the instrument) entitled “*Advance to the Finance Minister – Section 13 of Appropriation Act (No. 1) 2010-2011*”, dated 6 June 2011 and numbered 2 of 2010-2011.

### **The legislative authority under which the instrument is made**

The Advance to the Finance Minister (AFM) is a provision contained in the annual Appropriation Acts. It enables the Finance Minister to facilitate urgent and unforeseen expenditure that was not within the contemplation of Parliament when the Appropriation Act was passed and is therefore not provided for in Schedule 1 of the Appropriation Act.

The Advance to the Finance Minister is provided for under section 13 of *Appropriation Act (No. 1) 2010-2011*. The discretionary power is exercisable upon the Finance Minister’s satisfaction of the matters specified in section 13. This section indicates that amounts can be issued from the Advance to the Finance Minister, up to a limit of \$295 million, if the Finance Minister is satisfied that there is an urgent need for expenditure, in the current year, that is not provided for, or is insufficiently provided for, in Schedule 1 of that Act. The qualifying circumstances on the discretion of the Finance Minister to issue additional amounts under this provision are contained in subsections 13(1) (a) and (b) of that Act. The application from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has satisfied the Finance Minister that the additional expenditure was not provided for because of erroneous omission.

Exercise of the power via the issue of a determination has effect as if Schedule 1 of *Appropriation Act (No. 1) 2010-2011* were amended to make provision for the additional expenditure specified in the determination.

### **Purpose of the instrument**

The instrument determines that the Administered Item for Outcome 5 for FaHCSIA in *Appropriation Act (No. 1) 2010-2011* be increased by \$14,159,000. The additional amount is provided to enable FaHCSIA to meet increased expenditure related to the Helping Children with Autism Early Intervention program.

### **Background**

The background to the instrument is provided in the application made by FaHCSIA for funding from the Advance to the Finance Minister, reproduced below.

# APPLICATION FOR ADVANCE TO THE FINANCE MINISTER

## 2010-2011

**Agency:** Department of Families, Housing, Community Services and Indigenous Affairs

**Appropriation:** *Appropriation Act (No. 1) 2010-2011*

**Description:** Administered item

**Outcome:** Outcome 5 – 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.

Source of Available Appropriations	2010-2011	2009-2010	All other years
	\$	\$	\$
<b>Appropriation Act 1</b>			
<b>Program 5.1: Targeted Community Care</b>	<b>141,133,000</b>	<b>140,081,000</b>	
<b>Program 5.3: Income Support for Carers</b>	<b>2,800,000</b>	<b>2,644,000</b>	
<b>Program 5.4: Services and Support for People with Disability</b>	<b>308,319,000</b>	<b>301,145,000</b>	
<b>Program 5.5: Support for Carers</b>	<b>11,312,000</b>	<b>14,379,000</b>	
<b>Retained Prior Year appropriations</b>			<b>0</b>
<b>TOTAL APPROPRIATIONS AVAILABLE</b>	<b>\$463,564,000</b>	<b>\$458,249,000</b>	
<b>TOTAL AMOUNT SPENT (as at cob 19 May 2011 – will change daily)</b>	<b>\$433,520,492</b>	<b>\$458,249,000</b>	
<b>TOTAL UNSPENT APPROPRIATIONS</b>	<b>\$30,043,508</b>	<b>\$0</b>	<b>\$0</b>

Appropriation Required: \$44,202,508  
Appropriations Available: \$30,043,508  
**Amount required from AFM: \$14,159,000**

**AFM Category:**

*unforeseen – “Appropriation Act (No. 1) 2010-2011, Part 3, section 13 (1)(b)*

**Explanation of requirements from AFM:**

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. HCWA EI anticipated payments for the remainder of the financial year at a rate of \$187,000 per day. This program’s funding was exhausted in February 2011. Since that time, funds have been sourced from other programs within the Outcome.

Expenditure under HCWA EI cannot be definitively predicted because it 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.

**Urgent:**

The department is close to exhausting all relevant available appropriations to fund its commitments for Outcome 5. Uncommitted funds from within the outcome have been used to cover expenditure for the HCWA EI program since February 2011. Those programs are now required to meet their payment obligations and require the funds. The HCWA EI program is also expected to pay a further \$6.2m in demand driven payments.

In the event that the Outcome has insufficient funds to make payments for the HCWA EI, this would result in the untenable position of eligible parents of Autistic children having their assistance delayed at a time of personal and financial hardship. Such an outcome would also result in reduced public confidence in the Government’s administration of the HCWA EI Program.

**Unforeseen:**

HCWA EI is a demand driven program available to parents of Autistic Children. Given the unknown rate of registration and claim patterns of families, it is impossible to predict the likely expenditure for the program in any given year with any certainty.

FaHCSIA will make payments \$477,723,000 through to 30 June 2011 under Outcome 5.

Based on the current payment schedule, available appropriation for outcome 5 will be exhausted by 7 June 2011.

An AFM of \$14.159 million is sought to cover increased expenditure for HCWA EI. To date, funds have been utilised from other programs within the Outcome to cover Autism payments.

The \$14.159 million AFM will cover payments for:

- Services and Support for People with a Disability - \$7.01m
- Targeted Community Care - \$2 m
- Income Support for Carers - \$0.389m
- HCWA EI - \$4.76m

The AFM will provide appropriation authority to cover the balance of payments for all programs in Outcome 5, including increased Autism payments, above the available appropriation amount.

An amount of \$14.738 million for Helping Children with Autism Early Intervention and Better Start for Children with a Disability, is included in Appropriation Bill (No. 1) 2011-2012.

**Forecast to 30 June 2011:**

Based on current trends, current projection of the actual expenditure that will be required under HCWA EI in 2010-11 is approximately \$45 million (an increase in expenditure of \$21 million for the 2010-11 financial year).

Based on the trends and expenditure patterns for this financial year, it is possible that an additional Advance from the Finance Minister will be required before 30 June 2011.