

# **Explanatory Statement**

## **Section 13 Appropriation Act (No. 1) 2011-2012**

### **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) 2011-2012*”, dated 28 June 2012 and numbered 5 of 2011-2012.

#### **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 under section 13 of *Appropriation Act (No. 1) 2011-2012*. The discretionary power is exercisable upon the Finance Minister’s satisfaction of the matters specified in section 13. This section provides 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) 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 due to unforeseen circumstances.

Exercise of the power via the issue of a determination has effect as if Schedule 1 of *Appropriation Act (No. 1) 2011-2012* 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 3 for FaHCSIA, to cover No Interest Loan Scheme subsidies under the Home Energy Saver Scheme.

#### **Human Rights Impact Statement**

This Instrument is exempt from disallowance under subsection 44(2) of the *Legislative Instruments Act 2003*. As such, a statement of compatibility prepared under subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* is not required in this Explanatory Statement.

#### **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 2011-2012

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

**Appropriation:** *Appropriation Act (No. 1) 2011-2012*

**Description:** Administered item

**Outcome:** Outcome 3 – Improved capacity for vulnerable people and communities to participate economically and socially and to manage life-transitions through payments, targeted support services and community capability building initiatives.

Source of Available Appropriations	2011-2012	2010-2011	All other years
	\$	\$	\$
Appropriation Act (No. 1)			
<b>Community Investment</b>	<b>44,082,579</b>	<b>71,943,708</b>	
<b>Financial Management</b>	<b>120,088,000</b>	<b>123,319,630</b>	
<b>Supplementary Payments and Support for Income Support Recipients</b>	<b>8,737,000</b>	<b>6,655,573</b>	
<b>Support for People in Special Circumstances</b>	<b>1,357,000</b>	<b>897,512</b>	
Appropriation Act (No. 3)			
<b>Community Investment</b>	<b>2,700,000</b>	<b>60,000</b>	
<b>Financial Management</b>	<b>3,375,000</b>		
<b>Supplementary Payments and Support for Income Support Recipients</b>	<b>(100,000)</b>		
<b>Support for People in Special Circumstances</b>	<b>100,000</b>		
<b>Other Administered - FaHCSIA</b>		<b>910,000</b>	
<b>TOTAL APPROPRIATIONS AVAILABLE</b>	<b>\$180,339,579</b>	<b>203,786,423</b>	<b>0</b>
<b>TOTAL AMOUNT SPENT (as at cob 21 June 2012)</b>	<b>\$167,783,737</b>	<b>203,786,423</b>	
<b>TOTAL UNSPENT APPROPRIATIONS</b>	<b>\$12,555,842</b>	<b>0</b>	<b>0</b>

Appropriation Required: \$30,165,842

Appropriations Available: \$12,555,842

**Amount required from AFM: \$17,610,000**

#### **AFM Category:**

unforeseen – “Appropriation Act (No. 1) 2011-2012, Part 3, section 13 (1)(b)”

#### **Explanation of requirements from AFM:**

This is a new payment requirement that is to be paid out in the current financial year. The Department has identified up to \$3.0 million from underspends within Outcome 3 (3.1 and 3.5). Therefore the required funds for this AFM are \$17.61 million.

#### **Urgent:**

FaHCSIA is responsible to make a payment of \$20.61 million before 30 June 2012. This funding will be provided to the Home Energy Saver Scheme (HESS) No Interest Loan Scheme (NILS) subsidies sub-program within the Financial Management program (program 3.1). The purpose of the HESS NILS subsidies sub-program is to provide subsidies to vulnerable Australians in order to improve their financial capacity, with entitlement based on their financial circumstances which is not limited to any sub-group of the population such as Families or Indigenous. Access to the subsidies are based on applicants having a current Health Care Card and being excluded from mainstream financial services.

The payment will be made to Good Shepherd Microfinance to deliver the subsidies to enable the purchase of higher cost, more energy efficient, household goods and appliances for applicants accessing NILS loans. This extends the current agreement for Good Shepherd Microfinance (the sole provider of the Scheme) to deliver the national NILS program. As the Department has insufficient appropriation available to make the payment, an AFM is required.

The available appropriation has current commitments that must be met before 30 June 2012.

#### **Unforeseen**

This requirement was identified after the 2012-13 Budget, but due to the critical nature, Government has agreed that it is to be paid before 30 June 2012.

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**Signed By Chief Finance Officer**

<b>NAME: (block capitals please)</b>	
<b>SIGNATURE:</b>	
<b>DATE:</b>	