

## **EXPLANATORY STATEMENT**

*Appropriation Act (No. 2) 2018-2019*

*AFM Determination (No. 1 of 2018-2019)*

### **Purpose of the Determination**

The Advance to the Finance Minister (AFM) is provided under subsection 12(2) of *Appropriation Act (No. 2) 2018-2019* (the Act). Section 12 provides that amounts can be allocated from the AFM, up to a limit of \$380 million. The Finance Minister must, however, be satisfied there is an urgent need for expenditure, in the current year, that is not provided for, or is insufficiently provided for, in Schedule 2 of the Act, for one of the reasons specified in paragraphs 12(1)(a) and (b).

The Finance Minister is satisfied, based on information provided by the Department of Infrastructure, Regional Development and Cities (DIRDC) that the additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in the latest appropriation Bill relevant, the *Appropriation Bill (No. 2) 2018-2019* (the Bill), before it was introduced into Parliament: paragraph 12(1)(b) of the Act. The Bill was introduced into the House of Representatives on Tuesday, 8 May 2018. An explanation of the additional expenditure provided in this determination under the heading 'Consultation and Impact' below.

The effect of the determination is that Schedule 2 of *Appropriation Act (No. 2) 2018-2019* will have effect as if it were amended as specified in the determination.

### **Advances to the Finance Minister generally**

The section providing for the AFM is 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 was therefore not provided for in Schedule 2 of the Appropriation Act.

A determination made under subsection 12(2) of *Appropriation Act (No. 2) 2018-2019* is a legislative instrument, but neither section 42 (disallowance) nor Part 4 of Chapter 3 (sunsetting) of the *Legislation Act 2003* applies to the determination.

### **Statement of Compatibility with Human Rights**

The annual Appropriation Acts perform an important constitutional function, by authorising the withdrawal of money from the Consolidated Revenue Fund for the broad purposes identified in the annual Appropriation Acts.

However, as the High Court has emphasised, beyond this, the annual Appropriation Acts do not create rights and nor do they, importantly, impose any duties.

Given that the legal effect of annual Appropriation Acts is limited in this way, the increase of amounts in the annual Appropriation Acts through an AFM is not seen as engaging, or otherwise affecting, the rights or freedoms relevant to the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Consultation and Impact**

Consistent with Part 1 of the *Legislation Act 2003*, DIRDC was consulted in the preparation of this Determination.

The instrument determines that, in *Appropriation Act (No. 2) 2018-2019*, the State, ACT, NT and local government item for DIRDC is increased by \$75,379,000.

The additional amount is specifically provided to enable DIRDC to fund an expansion of the Drought Communities Program, announced by the Government on 19 August 2018 and at the National Drought Summit held on 26 October 2018. This additional expenditure was included as a new measure in the 2018-19 Mid-Year Economic and Fiscal Outlook (MYEFO).

The program requires the payment of 50 per cent of assistance upon execution of the grant program with each council and upon the meeting of milestones in their use of the grant funding. These amounts will be required prior to the Royal Assent of the 2018-19 Additional Estimates Appropriation Bills.