



## BUDGET DAY STATEMENT

9 May 2023

### Joint Committee of Public Accounts and Audit

#### 2023-24 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office

On behalf of the Joint Committee of Public Accounts and Audit, I present this statement on the draft budget estimates of the Australian National Audit Office—the ANAO—and the Parliamentary Budget Office—the PBO.

The Committee is required, under the *Public Accounts and Audit Committee Act 1951* and the *Parliamentary Service Act 1999*, to consider the draft budget estimates of the ANAO and the PBO, and to make recommendations to both Houses of Parliament regarding these estimates.

The requirement to make a statement to the Parliament in advance of the Budget being handed down by a Government is an important transparency measure. It assists the Parliament and the public in making a judgement on the adequacy of the Budget provided to the ANAO and the PBO through comparison with the requested funding and the Committee's recommendations.

For this year's Budget, both the ANAO and the PBO have sought additional funding. The Committee has carefully scrutinised the ANAO's and the PBO's draft Budget estimates and has resolved to endorse them, subject to further review of the costings and final estimates which may be agreed with the Department of Finance. The Committee considers both offices vital in supporting the work of this Parliament and in strengthening integrity and transparency in public administration.

The ANAO is also seeking an additional appropriation. In presenting its draft budget estimates to the Committee, the ANAO noted that Machinery of Government changes following the 2022 Federal election – in particular the creation of new departments – will mean that additional costs have been incurred for mandatory financial statement and performance statement audits.

Further cost pressures have arisen from the additional audit effort required to remain compliant with audit standard ASA 315, to maintain adequate cybersecurity and data storage, as well as to meet the increased cost of external financial statement auditing capability where it is required to be purchased from the private sector.

The total funding request – subject to further refinement with the Department of Finance – is in the order of \$14 million over the forward estimates.

The Committee acknowledges that the Government faces difficult fiscal circumstances in determining this year's Budget, and also acknowledges that the ANAO received supplementation in the 2021-22 budget.

However, the Committee considers that additional funding for the ANAO is critical to maintain mandatory standards in financial statement auditing. Without this funding the ANAO would be forced to reduce its performance auditing budget.

In the Committee's view, the Government stands to save much more than it spends by meeting the ANAO's request. A robust audit function is of critical value to Government, driving as it does efficiency and effectiveness throughout the public sector.

In that context, the JCPAA endorses the ANAO's budget submission, subject to ordinary parameter changes and any minor adjustments that may be agreed with the Department of Finance. In essence, the Committee recommends that sufficient funding be provided to enable the ANAO to discharge its responsibilities including rebuilding the performance audit program.

The PBO's estimated expenses for 2023-24 amount to \$9.613 million and it expects to meet the majority of its fiscal requirements from this appropriation. However, since its creation the PBO has had a special appropriation fund designed to help it meet unexpected cost pressures. This fund was initially \$6 million but has run down to \$1.8 million over the last decade. The PBO is seeking to have the fund replenished to its original level in this year's budget.

The Committee regards the fund as an important element of the PBO's operational independence and therefore joins with the Presiding Officers to endorse the proposed appropriation.

I thank the Auditor-General and the Parliamentary Budget Officer for their work in support of the Parliament and the JCPAA and Committee members for their thoughtful and detailed consideration of these budget requests.