



BUDGET DAY STATEMENT

12 May 2026

Joint Committee of Public Accounts and Audit

2026-27 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, respectively, and to make recommendations regarding these estimates to both Houses of Parliament.

This statement on behalf of the Committee in advance of the Budget being handed down is an important transparency measure that informs the Parliament and the public on the adequacy of the resourcing for both the ANAO and the PBO.

The Committee considers both agencies to be vital in supporting the work of this Parliament and in strengthening the integrity and transparency of public administration.

We have carefully scrutinised the ANAO's and the PBO's draft Budget estimates for 2026-27, subject to further review of the costings and final estimates which may be agreed with the Department of Finance.

Australian National Audit Office

There are four parts to ANAO's request in the upcoming budget, which are the stated guiding principles for its proposed 'Sustainable Funding Model'.

The long-term financial position of ANAO continues to be uncertain and this has troubled the JCPAA for some years.

The past five years have seen the ANAO record average annual operating losses of about \$5 million, with a projected loss of \$4 million in 2025-26. This has significant limiting effects on the Auditor-General's ability to provide a robust accountability mechanism for the activities of Executive Government on behalf of the Parliament.

The components of ANAO's model include, first and foremost, a protected increase of \$10.5 million per annum to its base funding, commencing in 2026-27. This is supported by the Committee as a priority.

The ANAO will find it increasingly more difficult to meet its statutory obligations, and the expectations of the Parliament, without this increase. It will also be more difficult

in this circumstance for the ANAO to maintain robust IT systems, respond to growing cyber security threats, and utilise modern auditing tools.

The Committee also supports the ANAO's proposal for a scalable framework that ties performance audit funding to the growth in Commonwealth expenditure. The Australian Government's expenditure over the past decade has grown at more than twice the rate of the appropriation available to the ANAO for performance auditing.

The Committee agrees that such a scalable system would ensure proportionate audit coverage that is also capable of addressing the increasing complexity of the modern Commonwealth.

The Committee continues to support the removal of the efficiency dividend (ED) from the ANAO, another plank of its sustainable funding model. The ED has been a principal driver of the ANAO's periodic supplementary funding requests. The ANAO's base funding is currently \$10.3 million lower than it would have been if the ED had been removed 10 years ago. Removal of the ED from audit institutions has occurred in other jurisdictions such as New South Wales and New Zealand.

The Committee did discuss the precedent of removing the ED for the ANAO while keeping it for other Government agencies and has noted that the priority of the JCPAA is an increase in the ANAO's baseline funding.

The remaining component of the ANAO's proposed funding model is the retention of fees that it charges to corporate Commonwealth entities, companies and subsidiaries. These fees are estimated to total approximately \$15.9 million in 2025-26 and are currently returned to consolidated revenue.

The Committee accepts and sympathises with the fact that these fees have increased by far more over the past decade than the appropriation funding to the ANAO. However, Committee members expressed concerns that returning these fees to the ANAO could produce unintended incentives that would undermine the perceived integrity and neutrality of the ANAO.

These include the raising of such charges beyond what is reasonable in circumstances of funding pressures, and the potential for prioritisation of activities that generate fees over those that are important but not revenue-raising.

In conclusion, funding of the ANAO continues to be of serious concern to the Committee as it threatens the robustness of the vital audit function that this agency conducts for the Commonwealth. The Committee regards the reports of the Auditor-General as a crucial driver of efficiency and effectiveness throughout the public sector.

Parliamentary Budget Office

The Committee endorses the PBO's 2026-27 budget proposals which include additional ongoing funding of \$1.9 million a year, equating to \$7.5 million over 4 years.

The PBO has indicated that this increase is required to sustain its level of service, including 10 additional staff to manage costing models and adequate resourcing of essential ICT systems.

The PBO informed the Committee that the average turnaround time for its costings analysis has increased from 15 to 24 days, reflecting a year-on-year heightened demand for this service, and the growing complexity of the work involved.

The PBO has further reported that its requests from Parliamentarians were 40 per cent higher in the first six months of this Parliament than for the comparable period in the last Parliament.

The request to add 10 staff to the 44 current ongoing employees at the PBO is fully supported but also acknowledged by the Committee as a significant increase. We will continue to monitor the outputs and effectiveness of the PBO going forward to ensure that its staff levels are appropriate.

Also supported by the Committee is the PBO's request to increase its election year funding from \$500,000 to \$1.0 million, to cover the actual costs of delivering its mandated election reporting.

The Election Commitments Report is a key PBO function, assisting Parliamentarians to prepare campaign platforms. The \$500,000 election year funding boost to cover the costs of this extensive analysis, including four supplemental staff, has not been subject to indexation or adjustment since the PBO's establishment in 2012.

This amount is, unsurprisingly, no longer adequate to resource this important mandated activity and is indicated by the PBO as a core reason for its current, and ultimately unsustainable, operating losses.

Finally, to support its operational independence, the Committee supports the replenishment of the PBO's special appropriation back to \$6 million, requiring a top-up of just over \$4 million.

The replenishment of the PBO's special appropriation fund has been supported by the Committee over many years. The PBO continues to draw on these funds, which are a vital resource for managing unexpected financial risks and safeguarding the PBO's operational independence

The PBO makes a significant contribution to the Parliament, and thereby to the democratic process, by providing valuable and vital information and analysis to Parliamentarians to better inform public debate. The Committee is concerned that this function will be seriously eroded if the PBO's current funding shortfall is not addressed this year.

These are not the views of the Committee alone. Recommendation 16 of the recently tabled independent post-election review of the PBO, commissioned by the Committee and conducted by the highly respected Dr Martin Parkinson states that ‘the PBO’s resources should be rebased to ensure it can continue to effectively meet its legislative mandate and deliver high-quality and timely outputs ...’

A further recommendation of the review—recommendation 19—is that ‘the Government should provide dedicated resourcing to the PBO to support core maintenance and security within its ICT and data environment, as well as ongoing innovation, recognising that the PBO’s requirements are oversized relative to its size’.

I thank the Auditor-General and the Parliamentary Budget Officer for their work in support of the Parliament and the Committee. I also thank the Deputy Chair, the former Deputy Chair of the Committee, Senator Matt O’Sullivan, my fellow Committee members, and the secretariat for their thoughtful and detailed consideration of these budget requests.

Josh Burns MP

Chair