



STATEMENT BY THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT ON THE 2019-20 DRAFT ESTIMATES FOR THE PARLIAMENTARY BUDGET OFFICE AND THE AUSTRALIAN NATIONAL AUDIT OFFICE AND ON THE APPOINTMENT OF AN INDEPENDENT AUDITOR OF THE ANAO

Each year the Joint Committee of Public Accounts and Audit is required by legislation to consider the draft budget estimates of the Parliamentary Budget Office and the Australian National Audit Office, and make recommendations to both Houses of Parliament.

The Committee takes this responsibility very seriously.

The respective Acts of the Auditor-General and the Parliamentary Budget Officer, as well as the Committee's own legislation, require each of those officers to provide to the Committee all information that would assist the Committee in making its recommendations to the Parliament.

I rise today to fulfil this requirement and make a statement on whether the Committee considers that the proposed funding for these offices is sufficient to carry out their respective mandates.

Australian National Audit Office

The Australian National Audit Office has advised the Committee that it is not seeking supplementation in the 2019-2020 Budget, but has advised the ANAO expects to require new policy funding into the future.

The Auditor-General has advised the Committee that approval has been sought for an operating loss for the 2018-2019 year by virtue of accessing the prior year unspent appropriations and to meet resourcing pressures. The ANAO's operating loss amounts to \$3.13 million, plus depreciation of \$1.46 million, for an operating deficit of \$4.6 million. This will be funded from the ANAO's accumulated reserves.

The ANAO has estimated that its total ordinary annual appropriations from Government will be \$69.8 million for 2019-2020.

The ANAO has advised that its transition to a 'new way of working' will require a total investment of \$13.2 million over two years including capital investment of \$11.9 million and \$1.3 million in operating expenses for accommodation and IT related costs.

The Committee endorses the proposed budget for the ANAO in 2019-2020 and thanks the ANAO for the professionalism it continues to demonstrate in supporting public accountability and transparency.

Parliamentary Budget Office

The Committee has been informed that the Parliamentary Budget Office has sought supplementation in the 2019-2020 Budget to continue to support the current level of service it provides to the Parliament.

The PBO's expenses for 2019-2020 total \$8.690 million, and if the funding proposal is approved it will enable the PBO to maintain current staffing levels and to invest in additional data resources, specialist advice and software over the forward estimates period.

The JCPAA has considered this request and wishes to convey to the Parliament its support for the PBO's proposal and the confidence of the Committee that this matter has been given full and proper consideration.

In this context, the Committee also wishes to again acknowledge the important work done by the PBO and highlight its contributions to both the Parliament and the broader community in delivering independent and high quality fiscal analysis and research.

On behalf of the Joint Committee of Public Accounts and Audit, I take this opportunity to emphasise the accountability of both the Australian National Audit Office and the Parliamentary Budget Office to the Parliament. I have received advice from the Clerks of both Houses endorsing the Committee's position that it is the responsibility of both the Auditor-General and the Parliamentary Budget Officer to provide the JCPAA with all the information necessary for the Committee to consider their respective budget estimates. This enables the Committee to fulfill its responsibility to appropriately advise the Parliament on the budget submissions put forward by both agencies.

In conclusion, the Committee will continue to closely monitor the work programs and draft budget estimates of the PBO and ANAO.

The Committee is strongly of the view that as independent authorities, the PBO and ANAO need to be sufficiently funded to fulfil their legislative requirements in order to fulfill their obligations to the Parliament.

The Committee looks forward to seeing details of their respective budgets this evening.

The Appointment of an Independent Auditor of the ANAO

Under the *Auditor-General Act*, the Joint Committee of Public Accounts and Audit is required to approve the appointment of a new Independent Auditor of the Australian National Audit Office.

The *Public Accounts and Audit Committee Act* requires that the Committee report its decision to the Parliament.

I can confirm to the Parliament that the Committee has approved the appointment of Ms Eileen Hoggett as Independent Auditor of the ANAO. The Independent Auditor is appointed from outside of Government to act on a part-time basis to serve as an external auditor to the Audit Office.

As KPMG's National Partner-in-Charge of External Audit and Chair of KPMG's Audit Committee, Ms Hoggett brings suitable experience to this important position and the JCPAA looks forward to seeing the results of her work.

While noting Ms Hoggett's experience and suitability for the role, the Committee has communicated its view that at the time of beginning the process of appointing the next time Independent Auditor, the Department of Prime Minister and Cabinet explore ways to seek applicants for this position from a wider group of possible applications.

The Committee has also recommended that at the next review of the *Auditor-General Act*, this matter be given closer examination.

Senator Dean Smith
Chair 2 April 2018