



JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

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STATEMENT BY THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT ON THE 2015-16 DRAFT ESTIMATES FOR THE AUSTRALIAN NATIONAL AUDIT OFFICE AND THE PARLIAMENTARY BUDGET OFFICE

As the committee responsible for parliamentary oversight of the Parliamentary Budget Office (PBO) and the Australian National Audit Office (ANAO), the Joint Committee of Public Accounts and Audit (JCPAA) is required by legislation to consider the draft budget estimates for each office, with the Chair making recommendations to both Houses of Parliament. Therefore, on Budget Day each year the Committee makes a statement on whether, in its opinion, these offices have been given sufficient funding to carry out their respective mandates.

To this end, both the PBO and ANAO are empowered through their respective legislation to disclose their draft budget estimates to the JCPAA, which the Committee then considers in making any representations to the Government and the two Houses.

Parliamentary Budget Office

In accordance with the *Parliamentary Service Act 1999*, the Committee received a copy of the PBO draft budget estimates in February 2015.

The PBO's resourcing is expected to total approximately \$8.0 million for 2015-16; an increase on the 2014-15 resourcing of approximately \$7.6 million. This increase in resourcing is in accordance with the supplementation provided every third year to help the PBO meet the additional demands associated with a general election.

The Parliamentary Budget Officer has advised the Committee that the PBO plans to draw \$300,000 from its special appropriation in 2015-16 and further amounts over the forward estimates.

The Parliamentary Budget Officer has advised the Committee that the PBO's resources are adequate for 2015-16 and the forward estimates period. The Committee commends the PBO for its work and notes that the demand for the PBO's costings and budget analysis services continues to steadily increase.

The Committee endorses the proposed budget for the PBO in 2015-16.

Australian National Audit Office

In accordance with the *Public Accounts and Audit Committee Act 1951* and the *Auditor-General Act 1997*, the Committee received a copy of the ANAO draft budget estimates in December 2014.

The ANAO's total revenue from government is expected to total approximately \$72.9 million in 2015-16; a decrease on the 2014-15 revenue from government of \$73.4 million.

In its 2014-15 statement to the Parliament on the ANAO's draft budget estimates, the Committee expressed concerns regarding a range of pressures and funding uncertainty experienced by the ANAO. The Committee recommended that steps be taken to place the ANAO on more financially sustainable footing to ensure that its essential work scrutinising Government processes and expenditure was properly resourced and that funding be provided to ensure that there was no further reduction in the number of performance audits conducted.

The Auditor-General has advised the Committee that, despite anticipating the need to seek additional funding in the 2015-16 Budget, the planned sale of Medibank and the abolition or mergers of a number of other public sector entities has provided the ANAO with the potential to absorb the current pressures on its audit programs, provided it can maintain the funding of approximately \$1.1 million previously allocated to these audits.

The Committee notes the Prime Minister's decision to allow the ANAO to maintain the funding released as a result of the planned sale of Medibank and the abolition or mergers of a number of other public sector entities. The Auditor-General has advised the Committee that the ANAO does not expect to seek supplementation in the 2015-16 Budget and will instead focus on realigning this funding to meet the various pressures on its programs.

The Auditor-General has advised the Committee that this will allow the ANAO to deliver one additional performance audit report each of the Budget and forward years (48 to 49 in 2015-16 and 47 to 48 in 2016-17 and 2017-18). The Committee commends the Auditor-General and his office for maintaining its financial statements audit program and their performance audit program in a challenging fiscal environment and will continue to support the ANAO's goal of restoring the performance audit program to its benchmark of 50 reports over time.

The Committee's work surrounding the passage of the *Public Governance, Performance and Accountability Act 2013* and its focus on greater performance measurement and reporting highlights the importance of a robust system of performance reporting and auditing and the invaluable service that the ANAO provides to the Parliament and the Australian people.

The Committee endorses the proposed budget for the ANAO in 2015-16.

Conclusion

In conclusion, the Committee will continue to closely monitor the pressures being placed on the PBO and the ANAO and the effect that these pressures may have on their work programs. As independent authorities, the PBO and ANAO need to be sufficiently funded to fulfil their legislative requirements and adequately support the Parliament.

The Committee appreciates the efforts of both the Parliamentary Budget Officer and the Auditor-General in maintaining strong working relationships with the Parliament, and particularly with this Committee. They have made themselves available for regular briefings and provided invaluable advice to the Committee on a variety of matters. The Committee looks forward to continuing these productive relationships.

Dr Andrew Southcott MP
Committee Chair
12 May 2015