



BUDGET DAY STATEMENT

25 March 2025

Joint Committee of Public Accounts and Audit

2025-26 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 the ANAO and the PBO.

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

The Committee has carefully scrutinised the ANAO's and the PBO's draft Budget estimates for 2025-26 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.

Australian National Audit Office

The Committee has been advised that additional funding of \$96.1 million is being sought by ANAO over the forward estimates, requiring an ongoing funding increase of \$24.9 million per year.

The Auditor-General has also indicated to the Committee in a recent update that the ANAO expects to run an operating loss of approximately \$6.1 million in 2024–25, similar to the loss of \$6 million ANAO incurred in 2023–24.

The ANAO's request for increased funding is fully supported by the Committee which regards it as critical to ensuring the future accountability, transparency, efficiency and effectiveness in the expenditure of Australian taxpayers' money.

The Committee has been concerned over many successive Parliamentary terms by the unsustainability of ANAO's long term financial position and the risks that this

poses to its operational independence and its ability to effectively perform its vital statutory roles.

The current funding model for ANAO is simply not sustainable due to the continuing and growing cost pressures it is facing from increasingly more expensive financial statements audits, essential technological upgrades, and increased compliance and regulatory demands.

The efficiency dividend has had a significant impact also on ANAO and has been a principal driver of its prior supplementary funding requests. ANAO has advised the Committee that if the efficiency dividend had not been applied, its appropriation would have been \$104 million in 2024–25, an increase of \$8.6 million.

The Committee's considered view is that making these funds available for other executive functions is having the entirely opposite effect of the efficiency dividend's intended purpose because it is endangering the even greater savings to the taxpayer through effective auditing.

The Committee has supported the removal of the efficiency dividend from ANAO for many years and continues to urge the Government to do so.

Another impact of the funding constraints faced by the ANAO is a reduction in the number of performance audits that it can perform. The Committee recommended in 2022, in its review of the *Auditor-General Act 1997*, that 48 discretionary performance audits should be performed by ANAO each financial year to ensure proper oversight of public expenditure.

The Auditor-General has recently advised the Committee however that *'to appropriately target the ANAO's available resources to the areas of highest priority I now expect the ANAO to deliver 44 performance audits in 2024–25, declining to between 38 and 42 performance audits for 2025–26 and the forward years.'*

The inability of ANAO to deliver its full work program due to funding constraints is of serious concern to the Committee as it undermines the future of a robust audit function for the Commonwealth that can foster and drive efficiency and effectiveness throughout the public sector.

ANAO has proposed that the Committee requests it to develop models for a more sustainable funding approach in the 2026-27 Budget. The Committee is supportive of this approach and anticipates that this will go forward in the next Parliament.

Parliamentary Budget Office

The Committee has continued to be actively engaged in the budget process in relation to the PBO and endorses its 2025-26 budget proposals.

The PBO is requesting additional ongoing funding of \$1.4 million a year, amounting to \$5.8 million over 4 years, so that 8 additional staff can be employed to undertake modelling and analysis. This will enable PBO to sustainably meet the increased demand for its services by Parliamentarians and Parliamentary Committees.

PBO is also requesting an indexation of its additional election year funding so that it increases from \$500,000 at present to \$712,000 in 2027-28. This will enable PBO to increase its recruitment of additional staff in an election year from 4 to 6.

Finally, PBO is requesting an equity injection of \$6 million to support its independence by reinstating the now almost depleted financial buffer of that same amount given to the PBO upon its establishment in 2012.

This has been supported by the Committee in the past and will be a crucial resource to enable PBO to manage risks to its operational independence, mitigate unexpected or unanticipated budget pressures and meet future needs for data, models, and technology uplifts.

It is clear to the Committee that without these additional funds, the PBO may not be able to adequately perform many of the services that have become so valued and essential to Parliamentarians.

This includes timely responses to an ever-increasing number of requests for costings analysis, the needed expansion of PBO's data visualisation and self-help interactive tools, and meeting an increased governance compliance burden.

The JCPAA confirms its continuing support for the PBO and its role in providing valuable information and analysis to all Parliamentarians to better inform public debate.

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

Hon Linda Burney MP

Chair