



BUDGET DAY STATEMENT

25 October 2022

Joint Committee of Public Accounts and Audit

2022-23 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 minor additional costs are incurred for mandatory financial statement and performance statement audits. Additional cost pressures relate to cybersecurity and data storage, as well as financial statement auditing where specialist expertise or additional capacity 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 \$8.3 million over the forward estimates.

The JCPAA acknowledges the difficult fiscal outlook faced by the Government, and acknowledges that the ANAO received supplementation in the 2021-22 budget. However, the Committee accepts that these cost pressures are unavoidable and that

additional funding is required to maintain required standards in financial statement auditing, without which the ANAO would be confronted with the need to reduce the level of auditing in other areas. In the Committee's view, the Government stands to save 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.

The PBO's estimated expenses for 2022-23 amount to \$9.292 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 endorses 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.