



Senator Katy Gallagher

Shadow Minister for Finance
Shadow Minister for the Public Service
Manager of Opposition Business in the Senate
Senator for the Australian Capital Territory

Mr Grant Hehir
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

By email: grant.hehir@anao.gov.au

Dear Mr Hehir

I write to request the Australian National Audit Office (ANAO) commence a performance audit into the effectiveness of the Commonwealth Government's debt management given the significant and rapidly increasing Commonwealth government debt levels as a result of the COVID-19 pandemic.

The Government has increased the notional debt ceiling from \$600 billion to \$850 billion acknowledging that significant additional borrowings have to be undertaken over the next two years to finance the Government's announced economic responses to the pandemic crisis.

As you would be aware, Australian Government debt was already historically high by national standards prior to the COVID-19 pandemic with net debt at \$403 billion and gross debt climbing to \$561.8 billion as at the end of December 2019. As at 1 May 2020 there is now \$607.4 billion of Australian Government Securities on issue including \$75 billion worth of bonds being issued this year alone.

While Labor acknowledges that the state of the 2019-20 budget required additional borrowing to pay for the COVID-19 economic response packages, we do believe that external scrutiny of how the Government's rapidly increased debt is being managed is required.

Critical decisions taken by the Government on how debt is managed will have financial implications for years to come and an independent review of the Government's debt management practices would provide some assurance to taxpayers about how that debt is being managed by the Government through the Australian Office of Financial Management.

It would also be a timely audit as Labor understands that the last performance audit into debt management was conducted in 1999, with a follow-up audit in 2005.

Since then, there is reduced parliamentary scrutiny in relation to debt management as in 2013 the Government changed the way the debt ceiling is increased. Given the Treasurer has stated that the increased debt burden would "be shouldered by generations to come", Labor believes that an examination of Commonwealth debt management would be prudent and timely. This could occur either as part of the ANAO's 2020-21 general work program, or as part of the ANAO's proposed COVID-19 audit program.

I am happy to discuss this request with you in more detail if that is useful. The contact in my office is Mr Alex Lim, who can be contacted at Alexander.Lim@aph.gov.au

Yours sincerely

A handwritten signature in cursive script that reads "Katy Gallagher". The signature is written in black ink on a white background.

Katy Gallagher

Senator for the ACT

4 May 2020