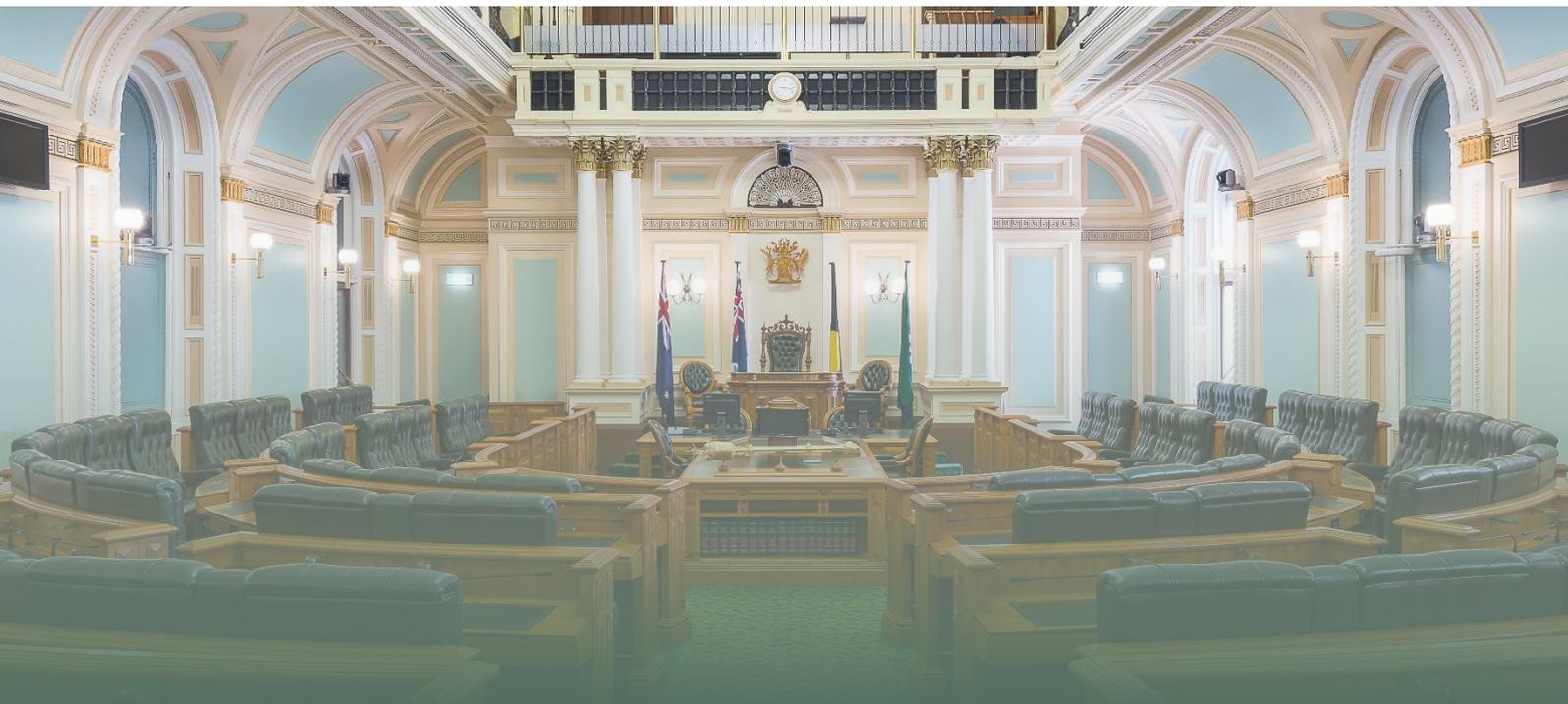




QUEENSLAND PARLIAMENT **COMMITTEES**

Oversight of the Auditor-General: Basic rates of audit fees Governance, Energy and Finance Committee



Report No. 22

58th Parliament, March 2026

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Governance, Energy and Finance Committee

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All references and webpages are current at the time of publishing.

Acknowledgements

The committee acknowledges the assistance provided by:

- the Auditor-General and officers from the Queensland Audit Office
- the Treasurer, Minister for Energy and Minister for Home Ownership and officers from Queensland Treasury.

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Chair's Foreword

This report summarises the findings of the Governance, Energy and Finance Committee (committee) following its consideration of the Auditor-General's recent request to increase the Queensland Audit Office's basic rates of audit fees.

The Queensland Audit Office plays a vital role in supporting the Parliament and strengthening public confidence in the administration of public resources. Through its independent audits and assurance work, the office contributes to the transparency, accountability and continuous improvement across the public sector. The committee's consideration of this request was undertaken with an appreciation of the importance of this work and the need to ensure the office can continue to carry out its statutory functions effectively.

In undertaking its role, the committee considered the merits of the request having regard to a range of factors. The committee examined the reasons provided by the Auditor-General, including cost pressures and relevant economic indicators, and sought advice from the Treasurer to inform its deliberations.

This report sets out the committee's consideration and decision on the request, and outlines the factors taken into account in reaching that decision. It reflects the importance of maintaining appropriate parliamentary oversight, while recognising the need for the Queensland Audit Office to be adequately resourced to continue fulfilling its statutory audit and assurance functions.

On behalf of the committee, I thank the Auditor-General and officers from the Queensland Audit Office for their assistance in the committee's deliberations. I also thank the Treasurer and officers from Queensland Treasury for their advice on this matter.

I commend this report to the House.



Michael Crandon MP

Chair

Executive Summary

Under the *Auditor-General Act 2009*, the Auditor-General may increase their basic rates of audit fees once each financial year, with the approval of the Governance, Energy and Finance Committee (committee).¹

On 5 December 2025, the Auditor-General wrote to the committee requesting approval to increase the basic rates of audit fees charged by the Queensland Audit Office by 2.25 per cent, effective 1 October 2026.

The Auditor-General identified several reasons for the requested increase including wage increases and increases in other costs.

The committee sought, and received, advice from the Treasurer about the proposed increase.

The committee approves the requested increase of 2.25 per cent to the Queensland Audit Office's basic rates of audit fees, effective 1 October 2026.

This decision has been made on the basis that:

- the requested increase is below the Government Indexation Rate for the relevant financial year
- the requested increase is below the forecast rates for the Consumer Price Index and Wage Price Index for the relevant financial year
- the Treasurer advised the committee that the requested increase appears reasonable and that they had no objections
- the requested increase will cover anticipated increases in key costs, including salary costs, rent, and other supplies and services expenses
- the requested increase will contribute to the continued financial sustainability of the Queensland Audit Office.

The committee made one recommendation, that the Legislative Assembly notes the contents of this report

¹ *Auditor-General Act 2009* (AG Act), s 56A(3).

Recommendation

Recommendation 1 2

The committee recommends that the Legislative Assembly notes the contents of this report.

1. Introduction

On 5 December 2025 the Auditor-General wrote to the Governance, Energy and Finance Committee (committee) requesting approval to increase the basic rates of audit fees charged by the Queensland Audit Office (QAO) by 2.25 per cent, effective 1 October 2026.

1.1. Role of the committee

Under the *Auditor-General Act 2009* (AG Act), the Auditor-General may increase the basic rates of audit fees once each financial year, with the approval of the parliamentary committee.² When seeking the committee's approval, the Auditor-General must include the reasons for a proposed increase.³

The committee, in considering the proposed increase in the basic rates of fees for a financial year, may:

- a) have regard to the Government Indexation Rate for the financial year, and
- b) obtain, and have regard to, advice from the Treasurer about the proposed increase.⁴

As soon as practicable after deciding to approve or not approve a proposed increase in the basic rates of fees for a financial year, the parliamentary committee must prepare a report to the Legislative Assembly stating—

- a) whether or not the parliamentary committee approved the increase; and
- b) the reasons for the parliamentary committee's decision, including details about whether the parliamentary committee considered either of the following in making the decision—
 - i. the Government Indexation Rate for the financial year
 - ii. advice obtained from the Treasurer about the proposed increase.⁵

1.2. Request to increase the basic rates of audit fees

The Auditor-General has requested that the committee approve a 2.25 per cent increase in QAO's basic rates of fees. If approved, this increase would apply from 1 October 2026.

The Auditor-General advised the committee that, along with standard increases in the annual funding allocated to QAO, this increase will be sufficient to ensure the continued financial sustainability of her office.

The Auditor-General noted:

- the last increase in QAO's rates occurred in October 2024, as the Auditor-General did not seek an increase in the 2025-26 financial year

² *Auditor-General Act 2009* (AG Act), s 56A(3).

³ AG Act, s 56A(4).

⁴ AG Act, s 56A(5).

⁵ AG Act, s 56A(6).

- the requested increase is below the Government Indexation Rate of 3.4 per cent approved in the 2025-26 State Budget⁶
- the requested increase is also lower than the forecast rates for the Consumer Price Index (3.25 per cent in 2025-26 and 2.5 per cent in 2026-27) and the Wage Price Index (3.5 per cent in 2025-26 and 3.25 per cent in 2026-27).

The Auditor-General identified several reasons for the requested increase including increases in staff salary rates and other costs.

1.2.1. Staff salary rates

The Auditor-General advised the committee that staff expenses are one of the primary reasons for the requested rate increase. She noted:

- staff expenses comprise more than half (approximately 56 per cent) of QAO's total annual expenses
- Queensland Treasury requires agencies to assume a 3 per cent increase in staff salary rates in 2026-27
- QAO self-funds 100 per cent of salary rate increases for senior staff (Director-level and above) and 84.6 per cent of salary rate increases for other staff.

1.2.2. Other costs

The Auditor-General advised the committee that increases in other costs also constitute reasons for the requested rate increase. She noted that QAO:

- is liable for a 3 per cent annual increase in rent for its head office
- expects to incur additional information technology costs in the relevant financial year, including costs associated with modernising its data analytics platform and implementing recommendations made by the 2023 strategic review of QAO
- expects the cost of other supplies and services to increase in line with the Brisbane Consumer Price Index, which is forecast to be 3.25 per cent in 2025-26 and 2.5 per cent in 2026-27.



Recommendation 1

The committee recommends that the Legislative Assembly notes the contents of this report.

⁶ The Government Indexation Rate has been fixed at 3.4 per cent for the next 4 financial years through to 2028-29

2. Committee consideration and decision

In considering the Auditor-General's request, the committee noted the Government Indexation Rate for the 2025-26 financial year (3.4 per cent) and sought advice from the Treasurer to assist its deliberations.

The committee examined the Auditor-General's stated reasons for the proposed 2.25 per cent increase, including staffing cost pressures, increases in other operational expenses, and forecast movement in the Consumer Price Index and Wage Price Index for the relevant financial years. The committee also noted that the proposed increase is below both the Government Indexation Rate and the economic indicators identified by the Auditor-General.

To provide additional context, the committee also considered the pattern of QAO's audit fee adjustments over recent years. Between 2016 and 2022, QAO's basic fee rates increased by 2.5 per cent each year except in 2020 when no increase was applied. In 2023, the rates increased by 5 per cent, followed by a 10 per cent increase in 2024. The committee further noted that no increase was applied in 2025. Accordingly, the requested 2.25 per cent increase for 2026 represents a materially lower adjustment compared with the increases applied in the previous years.

The committee also had regard to the Treasurer's advice that the financial information provided by the Auditor-General demonstrated a need for the increase to support the ongoing financial sustainability of QAO. The Treasurer advised that, on that basis, the proposal appeared reasonable and raised no objections.

Having considered all relevant information, the committee determined the requested increase to the basic rates of audit fees, effective 1 October 2026, is appropriate. This determination recognises the important work undertaken by QAO and the need to ensure it is adequately resourced to continue delivering independent audit services that support strong, accountable public administration.



Committee decision

The committee approves the requested increase of 2.25 per cent to QAO's basic rates of audit fees, effective 1 October 2026.

This decision has been made on the basis that:

- the requested increase is below the Government Indexation Rate for the relevant financial year
- the Treasurer advised the committee that the requested increase appears reasonable and they have no objections
- the requested increase will contribute to the continued financial sustainability of QAO.