

# Chapter 1

## Referral

1.1 On 11 December 2013 the Senate established a Select Committee into the Abbott Government's Commission of Audit to inquire into and report on the following matters by 13 May 2014:

- (a) the nature and extent of any cuts or changes to government expenditure recommended by the Commission;
- (b) the effect of any proposed cuts or changes on the provision of services, programs or benefits by the Government;
- (c) the effect of any proposed cuts or changes on the ability of the public service to provide advice to government;
- (d) the effect of any proposed changes to the current split of roles and responsibilities between the Commonwealth Government and state and territory governments on the current levels of government expenditure, taxation and service delivery;
- (e) the potential impact of any proposed revenue measures on the Budget and on taxpayers, including access to services like health and education;
- (f) the potential impact of any proposed cuts or changes to government expenditure or service provision on employment and the economy;
- (g) the consistency of the Commission's recommendations with the Government's commitments on spending on health, medical research, education, and defence spending;
- (h) the potential impact of any proposed cuts or changes on the structural budget balance over the forward estimates and the next 10 years;
- (i) the potential impact that any proposed changes to Commonwealth budgeting arrangements might have in undermining public confidence in the provision of Commonwealth government accounts;
- (j) the potential effects of any proposed cuts or changes on the Government's medium-to long-term fiscal position, such as reducing future productivity, reducing the tax base and government revenues, or increasing future demand for government programs or support;
- (k) whether the Commission's terms of reference are appropriate, and, in particular, whether consideration ought be given to alternative means of:
  - (i) improving the efficiency and effectiveness of government expenditure,
  - (ii) improving the state of the Commonwealth's finances and addressing medium-term risks to the integrity of the budget position,

- (iii) improving the fairness and efficiency of revenue raising, including that businesses cover the full cost of their activities, and that individuals with greater capacity contribute more to government revenue,
  - (iv) funding infrastructure and enhancing Australia's human, economic and natural capital, or
  - (v) improving the public service; and
- (l) any other matters the committee considers relevant.

1.2 On 14 May 2014, the Senate agreed to an extension until 16 June 2014.<sup>1</sup> The terms of reference have been covered in the committee's interim and final reports.

### **First interim report**

1.3 On 18 February 2014 the committee tabled its first interim report focussing on the following issues:

- the processes of the National Commission of Audit (the commission);
- assumptions in the commission's terms of reference, including the target of achieving a 1 per cent surplus before 2023-24.

### **Second interim report**

1.4 On 24 April 2014, the committee tabled a second interim report focussing on the following issues:

- the Australian healthcare system – expenditure, access and outcomes;
- the funding and delivery of social services; and
- employment issues.

These reports are available from the committee website: [www.aph.gov.au/senate\\_coa](http://www.aph.gov.au/senate_coa).

### **Final report**

1.5 This final report examines tax expenditures and concessions, that is, revenue forgone by the government. It also summarises the committee's views on the commission's processes, assumptions and recommendations now that its final report has been released by the government.

1.6 The committee's three reports and recommendations should be reviewed together to build a complete picture of the committee's views.

### **Conduct of the inquiry**

1.7 The committee has received 48 submissions, which are listed at Appendix 1.

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1 *Journals of the Senate*, No. 28, 14 May 2014, p. 811. Note: Although the report was due to be tabled on 13 May 2014, activities in the chamber resulted in a delay in tabling until 14 May 2014.

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1.8 The committee also received 62 form letters generated by an online form letter template. Of the 42 which did not request confidentiality, five examples were published on the committee website.

### ***Public hearings***

1.9 The committee held public hearings on 15 January and 5 February 2014 which informed the committee's first interim report tabled on 18 February 2014.

1.10 The committee held further hearings in Canberra on 18 February 2014 to discuss health and social services; Melbourne on 13 March 2014 to examine employment issues; and Perth on 1 April 2014 to focus on services in Western Australia. These hearings informed the committee's second interim report tabled on 24 April 2014.

1.11 The committee held further hearings in Canberra on 15 April to discuss tax expenditures, concessions and subsidies and on 2 May 2014 following the release of the commission's reports by the government on 1 May 2014. These hearings informed the committee's final report.

1.12 The Hansard transcripts of evidence may be accessed through the committee's website at [www.aph.gov.au/senate\\_coa](http://www.aph.gov.au/senate_coa). A full list of witnesses who appeared at this public hearing is at Appendix 2.

### ***Acknowledgement***

1.13 The committee thanks all those who made submissions and appeared at hearings. The committee again thanks the commissioners and the secretariat for their cooperation with the inquiry.

