

Government senators' dissenting report

1.1 Government senators have provided dissenting reports for the committee's first, second and third interim reports. These dissenting reports should be reviewed together to build a complete picture of government senators' views.

1.2 The dissenting report for the committee's first interim report covered the following areas:

- the need for urgent action to address Labor's legacy of \$123 billion of projected deficits and debt on a trajectory to reach \$667 billion unless action is taken;
- how the committee contributed to delaying the important work of the National Commission of Audit (the commission);
- the misrepresentation of the nature of the commission's work as the commission was an independent panel with the specific task to review government expenditure and report to government with recommendations;
- emphasising that the commission would make recommendations to government but decisions will be made by government and not the commission; and
- the appropriateness of the commission's terms of reference including making recommendations to achieve savings sufficient to deliver a surplus of 1 per cent prior to 2023-24.¹

1.3 The dissenting report for the second interim report covered:

- the challenge of fixing Labor's Budget mess,
- the need to address increasing health expenditure and drive efficiency to ensure the sustainability of the health system;
- the significant growth in income support payments;
- the need to create a strong employment market; and
- ensuring an efficient public sector.²

1.4 The dissenting report for the third interim report disagreed with the need for the committee to extend the final reporting date until 16 June 2014.³

1 Senate Select Committee into the Abbott Government's Commission of Audit, *First Interim report*, February 2014, Government senators' dissenting report, pp 41-47.

2 Senate Select Committee into the Abbott Government's Commission of Audit, *Second Interim report*, February 2014, Government senators' dissenting report, pp 47-57.

3 Senate Select Committee into the Abbott Government's Commission of Audit, *Third Interim report*, February 2014, Government senators' dissenting report, p. 2.

Conclusion

1.5 Government senators are very concerned about the operation of this select committee which arises from the committee being established purely for political objectives. This is reflected in the quorum requirements for the committee which provides that three members of the committee constitute a quorum.⁴ There is no requirement for a government member to be part of a committee meeting or hearing. This quorum provision does not reflect the normal quorum requirements which ensure appropriate consultation and representation of views, particularly at hearings. It is a subversion of established committee processes for political ends designed to ensure that meetings and hearings can go ahead without the participation of committee members with differing political viewpoints. This approach is disappointing and it brings the respected Senate committee processes into disrepute.

1.6 In relation to the final report, as they have been for the duration of the inquiry, Labor and the Greens continue to remain in denial about the serious budget issues they left behind that must be addressed so that future generations are not left with a huge debt to repay.

1.7 This denial flies in the face of economic reality, and is completely contrary to views expressed by respected independent experts.

1.8 During the Senate's recent Budget Estimates hearings, the head of the independent Parliamentary Budget Office, Mr Phil Bowen, confirmed that 'Australia's debt is increasing at the fastest rate of any OECD country'.⁵

1.9 Mr Bowen also advised that 'The Australian economy is an open economy and it is exposed to the international economy, and it does require a buffer against economic shocks'.⁶

1.10 He went on to say that 'The rate of increase, if allowed to go unchecked, would mean that net debt would increase quite rapidly—to the point where that fiscal buffer we talked about would not be available'.⁷

1.11 Mr Bowen also told *The Australian Financial Review* that 'It is time to start coming out [of debt and deficit], otherwise the longer you leave it the more exposed you become and the harder it is to wind it back'.⁸

1.12 Likewise, Treasury Secretary Dr Martin Parkinson PSM told a Budget Estimates hearing that there is a need to bring debt under control: 'I have been saying

4 *Journals of the Senate*, No. 10 - 11 December 2013, p. 346.

5 Senate Estimates, Finance and Public Administration Legislation Committee, *Estimates Hansard*, 26 May 2014, p. 19.

6 Senate Estimates, Finance and Public Administration Legislation Committee, *Estimates Hansard*, 26 May 2014, p. 18.

7 Senate Estimates, Finance and Public Administration Legislation Committee, *Estimates Hansard*, 26 May 2014, p. 19.

8 Jacob Greber and Phillip Coorey, 'Budget crisis is real, says PBO', *Australian Financial Review*, 27 May 2014, p. 1.

this. The Governor of the Reserve Bank has been saying this. The head of the independent Parliamentary Budget Office has said this, most recently last week. If the two most senior economic bureaucrats in the country are saying, "People, we have a challenge, and it's about time we had a serious community discussion" and the independent head of the Parliamentary Budget Office says the same thing, it is actually in the hands of the political class'.⁹

1.13 The government's fiscal strategy has also received endorsement from the Secretary General of the OECD, Angel Gurría, who described the government's budget strategy as 'a sustainable, durable' solution that is 'dealing very directly and decisively with the budget deficit'.¹⁰

1.14 Yet despite this overwhelming opinion from respected, independent experts, Labor and Greens want to pretend there is no problem, and there is no need for decisive action.

1.15 Government senators reject this unrealistic and irresponsible approach from Labor and the Greens.

1.16 The government has taken the difficult but necessary step of reviewing government expenditure and making the hard decisions which will repair the budget and build a strong economy.

Senator David Bushby
Senator for Tasmania

Senator Dean Smith
Senator for Western Australia

Senator Sean Edwards
Senator for South Australia

9 Senate Estimates, Economics Legislation Committee, *Estimates Hansard*, 4 June 2014, p. 85.

10 Emily Stewart, 'OECD boss praises Australian budget for gradual return to surplus', *ABC News*, www.abc.net.au/news/2014-06-10/oecd-boss-praises-australian-budget-for-gradual-return-to-surpl/5512418, (accessed 12 June 2014).

