

Chapter 1

Introduction

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.

First interim report

1.2 On 18 February 2014 the committee tabled an interim report that focused on the following issues:

- processes being used by the National Commission of Audit; and
- assumptions made by the commission's terms of reference, including its target of achieving a 1 per cent surplus before 2023-24.

1.3 This report is available from the committee website: www.aph.gov.au/senate_coa.

Second interim report

1.4 The committee has decided to table a second interim report that will focus on the effects of potential cuts recommended by the commission in the following areas:

- healthcare expenditure, and the operation of and access to the healthcare system;
- government services; and
- employment.

Public hearings

1.5 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.

1.6 The committee held further hearings in Canberra on 18 February 2014 and Perth on 1 April 2014, which focused on the potential effects of the commission's recommendations on the healthcare system and government services. A hearing in Melbourne on 13 March 2014 focused on issues around employment.

1.7 The Hansard transcripts of evidence may be accessed through the committee's website at www.aph.gov.au/senate_coa.

Acknowledgement

1.8 The committee thanks all those who made submissions and appeared at hearings.

