

Media release

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Auditing the auditors: The People's Commission of Audit

National Party constituents will be amongst the hardest hit if the federal government adopts recommendations by the Shepherd Commission of Audit, a new analysis by The Australia Institute has found.

While the Commission of Audit suggests that people are visiting the doctor too often, it does not take account of regional circumstances. Despite evidence that people living outside of major capital cities visit the GP far less, the Commission does not recommend any discount to the suggested \$15 co-payment for those living in such areas.

Auditing the auditors: The People's Commission of Audit finds that despite the length of the Shepherd report, it is sparsely referenced, favours government publications over international evidence, and ignores population growth in its economic assumptions.

"The Commission of Audit makes no mention that rapid population growth is the major source of the increase in spending that the Commission seems so concerned by," Executive Director of The Australia Institute, Dr Richard Denniss, said.

"The significance of this cannot be overstated. The Commission's focus on the impact of an ageing population on government spending rather than population growth is like focusing on the upfront cost of a new phone plan while ignoring the cost of future calls."

The People's Commission of Audit also finds that the other assumptions the Shepherd report is based on are myths:

- Myth 1: Australia has a lot of debt – Debt to GDP is lower than it's been for most of our history.
- Myth 2: Australia is a high taxing country – Australia is the fourth lowest taxing country in the OECD.
- Myth 3: Australia has a big spending government – Government spending in Australia is the fourth lowest in the OECD.

"Our analysis shows that Australia's current level of tax collection is so low that, had former Prime Minister John Howard relied on such a level of taxation, his government would have been in deficit ten of the 12 years it was in power," report co-author Matt Grudnoff said.

"If the Shepherd Audit is viewed in terms of delivering on a desire to represent the interests of business, then the alignment of its key recommendations would suggest it has been an overwhelming success.

For media enquiries, please contact:

Serena Rogers 0421 759 262

“If, however, you are judging the quality of it on delivering an educated, healthy and prosperous Australia, then it fails on all fronts,” Mr Grudnoff said.

A copy of Auditing the auditors: The People’s Commission of Audit is available for download at www.tai.org.au