

AUDIT CALLS FOR CUTS TO CORPORATE WELFARE AND AN END TO THE AGE OF ENTITLEMENT

Recommendations:

1. **End superannuation tax concessions.** Superannuation tax concessions currently cost the Commonwealth budget [\\$30.3 billion in 2011-2012](#). It is estimated that 31.8% of the benefits of these concessions flow to the top 10% of Australians while the bottom 10% receive no benefit. With the cost of these concessions projected to rise to \$44.8 billion in 2014-2015 the Commission recommends an end to this unsustainable entitlement.
2. **Remove subsidies to fossil fuel industries.** These subsidies are currently estimated at [\\$10 billion per year](#). In the Commission's view they represent a clear example of corporate welfare that distorts the efficient market allocation of resources.
3. **Scrap the private health insurance rebate.** The 30% private health insurance rebate cost the Commonwealth \$5.5 billion in 2012-2013. The Commission agrees with estimates that removing this public subsidy to private corporations could deliver net annual savings of [\\$3 billion](#).
4. **Abolish negative gearing.** The Commission agrees with estimates that abolishing this subsidy to real estate investors would save the budget [\\$4 billion a year](#) in the short-term, and \$2 billion annually over the longer term.
5. **End to wasteful privatisation.** Privatisation of publicly-owned assets has clear negative consequences for the long-term fiscal health of the Commonwealth. Government Business Enterprises paid the Commonwealth [\\$462 million](#) in dividends in the financial year 2012-2013 and the Commission recommends these assets, including Australia Post and Medibank Private, remain in public hands.
6. **Cancel government commitment to unsustainable infrastructure projects.** In the Commission's view allocating [\\$1.5 billion](#) to the WestConnex motorway is not a responsible use of Commonwealth funds.
7. **Put a cap on CEOs salaries.** The average total remuneration of a chief executive of a top 50 company listed on the Australian Securities Exchange in 2010 was [\\$6.4 million](#). This equates to roughly 100 times the average pay of Australian workers. Since 2001, the base pay for executives has risen by 130%, while average weekly earnings have risen by 52%. Inflation over the same period has been 28.6%. Given the unsustainable growth of this form of entitlement the Commission proposes a **cap of \$1 million on CEOs total remuneration** to ensure the interests Australian workers, consumers and shareholders are better served.

In light of its detailed investigations and in alignment with the principles outlined below in its terms of references the **National Commission of Audit Final Report** has made the above **Key Recommendations** to reduce unsustainable corporate welfare and unjustified entitlements.

These are the recommendations that the National Commission of Audit consider would improve the Commonwealth's fiscal position over the forward estimates and will make it possible to fully fund the Gonski education reforms, the National Disability Insurance Scheme, TAFE and

universities, public housing backlogs, increase the Newstart payment by \$100 a week and achieve 100% renewable energy by 2025.

Background:

The National Commission of Audit was announced by the Treasurer, the Hon Joe Hockey MP, and the Minister for Finance, Senator the Hon Mathias Cormann, on 22 October 2013. The Commission was established by the Australian Government as an independent body to review and report on the performance, functions and roles of the Commonwealth government. The Commission's Phase One Report was due to the Prime Minister, Treasurer, and the Minister for Finance by 14 February 2014. The Phase Two Report was due by the end of March 2014.

The [terms of reference](#) included the statement that The Commission should be guided in its work by the principles that:

- government should have respect for taxpayers in the care with which it spends every dollar of revenue;
- government should do for people what they cannot do, or cannot do efficiently, for themselves, but no more; and
- government should live within its means.

A full version of the National Commission of Audit's Final Report can be found here <http://commonaction.org.au/>

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Disclaimer: The information above is intended to highlight the steps the Abbott government could take to reduce genuinely wasteful expenditure and to create a fairer Australia. This information does not represent the actual findings of the National Commission of Audit. This Press Release is a joke but then so is spending millions on an 'independent' Commission of Audit headed by ex-Business Council of Australia President Tony Shepherd to justify the government's ideological agenda.