

SYSTEM OF GOVERNMENT: Parliamentary

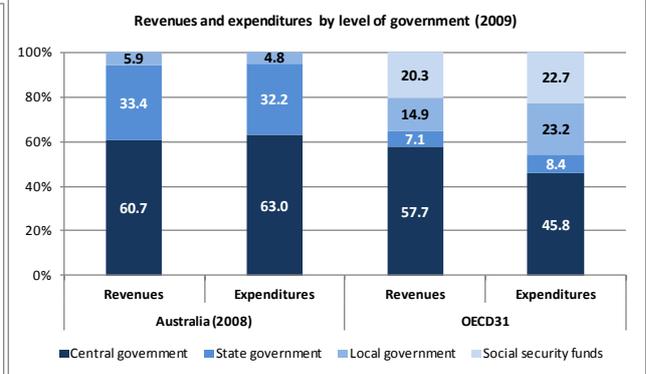
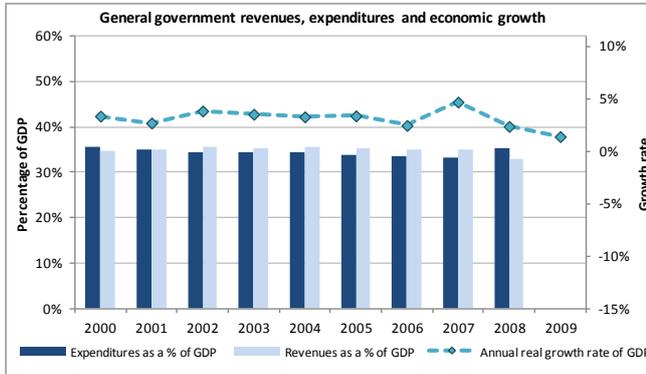
- No. of departments: 20 (2010)
- No. of governments over last 20 years: 10
- No. of coalitions over last 20 years: 4
- No. of prime ministers over last 20 years: 5

STATE STRUCTURE: Federal (6 states and 2 territories, 565 local governing bodies administered by the states and Northern Territory)

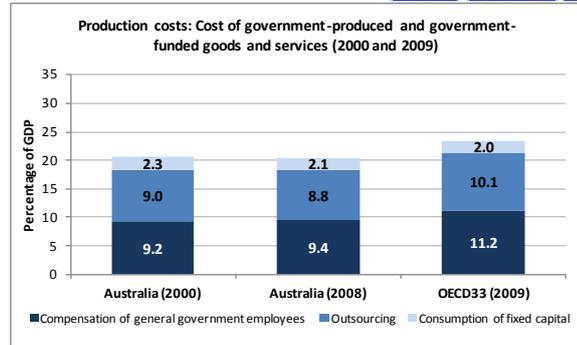
LEGISLATURE: Bicameral

- Upper house: elected using Proportional Representation system
- Lower house: elected using Preferential system

In Australia, revenues and expenditures have hovered around 35% of GDP over the past decade. The government ran surpluses from 2002-07, recording a small deficit in 2008 as it introduced fiscal stimulus to address the global crisis. As a result, the economy contracted for only one quarter, with growth returning in 2009. Despite being a federal state, the central government accounts for a relatively large share of expenditures and revenues compared to other OECD countries, in part because the government does not operate a separate social insurance scheme. There are substantial intergovernmental transfers from the central to sub-national governments because income and consumption tax powers are centralised.



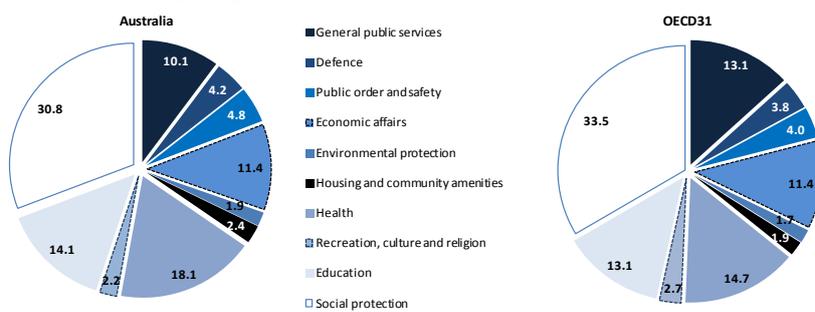
Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] Revenues by level of government [Expenditures by level of government]



About 20% of the economy was devoted to producing public goods and services in 2000 and 2008, slightly lower than the OECD33 average of 23.3%. Australia relies slightly more on capital and its own employees in the production process compared to the average OECD country.

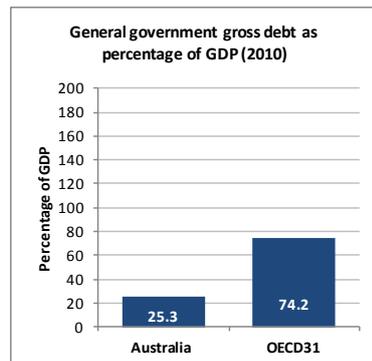
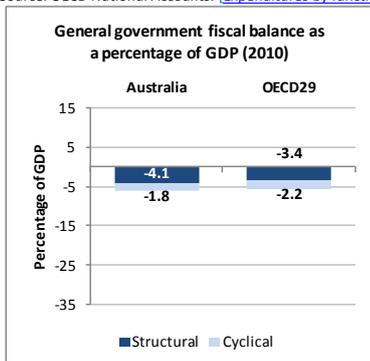
Source: OECD National Accounts. [Production costs]

Structure of general government expenditures by function (2008)



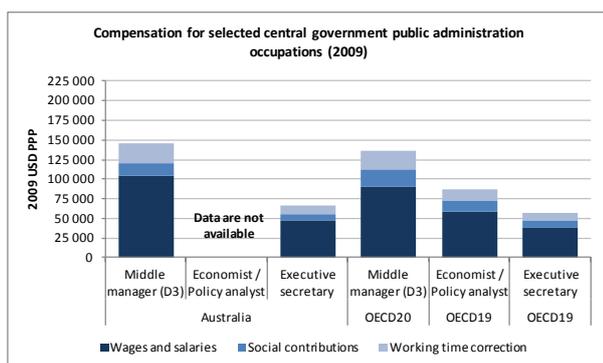
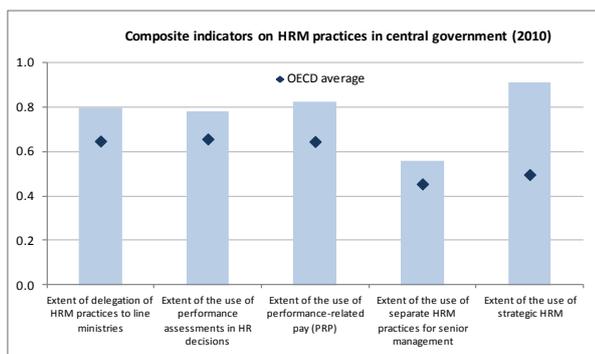
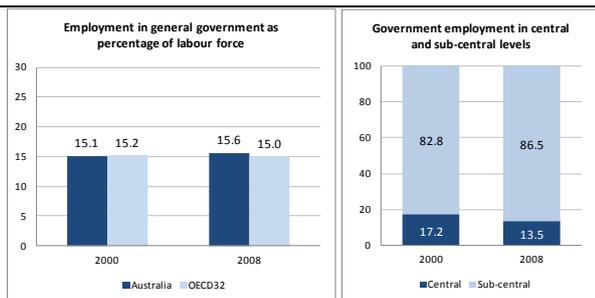
As in most other OECD countries, the largest shares of government spending are devoted to social protection programmes (such as pensions, unemployment insurance and child welfare initiatives), health and education. Compared to other countries, a smaller proportion of government resources are devoted to general public services (in part due to low levels of debt-interest payments on debt are included in this category) and social protection programmes. The Australian government devotes a comparatively larger share of resources to health and education.

Source: OECD National Accounts. [Expenditures by function]



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

One of the largest fiscal stimulus packages in the OECD was made possible by the sound state of Australian public finances: successive surpluses had left gross government debt low at 14.3% in 2007. Despite operating at a deficit in 2010, government debt remained low at 25.3% of GDP in 2010, well below the OECD31 average.



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	Yes	No	Yes	97%
Selection & evaluation criteria	Yes	No	No	No	97%
Tender documents	Yes	No	No	No	82%
Contract award	Yes	No	No	No	100%
Justification for award	No	No	No	No	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

In Australia, the share of general government employment in the total labour force was 15.6% in 2008, very close to the OECD average of 15%. Across the OECD this share ranges from 6.7% to 29.3%. While the total share of government employment rose only very slightly since 2000, public employment in Australia became somewhat more decentralised over the same period, with more than 86% of staff employed at the sub-central government level in 2008 (compared to 82.8% in 2000).

Source: International Labour Organisation. [\[General government employment\]](#) [\[Distribution by level\]](#)

The Australian Federal Government's HRM system has a strong strategic focus and gives a very high level of autonomy in decision making to line ministries and managers with all key HRM functions being the responsibility of line ministries. At the same time, Australia is also undertaking a range of reform activities aimed at improving workforce planning. It is envisaged that this will lead to a greater use of strategic HRM as an enabler of agency strategies. Performance assessments are also used extensively in HRM decisions. Performance-related pay has been a feature of the HR system, although its usage has been changing recently. The Australian Federal Government is also characterised by a cadre of senior civil servants that are managed separately.

Source: OECD 2010 Strategic HRM Survey. [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)

Middle managers and executive secretaries in the Australian Public Service (APS) receive total compensation packages that are close to the average across the OECD. However, they receive more of their compensation as wages and salaries and less as social contributions compared to other OECD countries. In the Australian government, middle managers make, on average, 2.2 times what executive secretaries do, which is close to the OECD average ratio. The majority of employees in the APS are required to work a 37 ½ hour week, which is similar to the OECD average.

Source: OECD 2010 Compensation Survey. [\[Middle managers\]](#) [\[Economist/Policy Analyst\]](#) [\[Executive Secretary\]](#)

Achieving greater transparency in public procurement is important; especially given that Australia spent an estimated 12% of GDP on procurement in 2008. Like the majority of OECD countries, the Australian Federal Government publishes most public procurement information on its central procurement website: <https://www.tenders.gov.au/>. Additionally, further information for potential bidders is published by the Department of Finance and Deregulation (AGIMO) which promotes a number of whole of government procurement activities through the AGIMO blog (<http://agimo.govspace.gov.au/category/procurement/>).

Contracting entity websites may disclose other basic information for potential bidders, however selection and evaluation criteria, tender documents and contract award information (e.g. name and amount of selected contractor) is provided through AusTender (the central procurement website). The Australian Federal Government considers that publication in one location improves data integrity and enables timely notification to registered suppliers.

Currently, the Australian Federal Government procurement policy framework does not contain justifications for awarding contracts, which is done in 59% of OECD member countries. Rather than tracking procurement expenditures, as is done by 32% of OECD members, the Australian Federal Government promotes transparency by reporting data on the value of contracts signed through AusTender.

Source: OECD 2010 Survey on Public Procurement. [\[Transparency in public procurement\]](#)

REGULATORY GOVERNANCE

Regulatory governance mechanisms, 2008

Functions of the oversight body	Year	Percentage of OECD countries responding "yes"	AUSTRALIA
Consulted as part of process of developing new regulation	2005	73%	Yes
	2008	82%	Yes
Reports on progress made on reform by individual ministries	2005	43%	Yes
	2008	56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	Yes
	2008	50%	Yes
Conducts its own regulatory impact analysis	2005	43%	No
	2008	47%	No
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	Yes
	2008	70%	Yes
Guidance for regulators on compliance and enforcement	2005	37%	Yes
	2008	47%	Yes
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	Yes

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

The government of Australia has set up an institutional structure for regulatory management in the Department of Finance and Deregulation (DFD). Within DFD, the Office of Best Practice Regulation (OBPR) monitors and reports on compliance with best practice regulation requirements, including assessing the quality of regulatory impact statements. The Deregulation Policy Division advises the government on the implementation of regulatory policy, including how regulatory costs can be measured and minimized. It also provides secretariat and policy support to the Business Regulation and Competition Working Group of the Council of Australian Governments. The Minister for Finance and Deregulation and the Minister Assisting on Deregulation are accountable for promoting government-wide progress on regulatory reform and report to Cabinet on regulatory activity. Another major player is the Productivity Commission, an independent research and advisory body that advises the Australian government on a wide range of issues. Australia has an explicit risk-based enforcement policy and includes within the best practice regulation handbook guidance for regulators on compliance and enforcement, and on the importance of a risk analysis in determining the need for regulation and designing a proportionate regulatory response.

Source: OECD (2010), *Australia: Towards a Seamless National Economy*, OECD Reviews of Better Regulation, OECD Publishing.
 OECD (2010), *Risk and Regulatory Policy – Improving the Governance of Risk*, OECD Reviews of Regulatory Reform, OECD Publishing.
 OECD 2008 Survey on Regulatory Management.
www.australia.gov.au
[\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT

Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Australia	OECD32	Publication channels
Budget documents	⊙	94%	CP, MA, OW
Audit reports	⊙	72%	OW
List of public servants and their salaries	○	28%	Not published
Sharing of administrative data			
Administrative data sets	⊙	66%	CP
Requirements on publishing in open data formats	Yes	53%	–
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ⊙ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.			

In July 2010 the Australian Federal Government made a declaration of open government. This was followed in November 2010 by the establishment of the Office of the Australian Information Commissioner, to champion open government, provide advice and assistance to the public, and promote better information management by government. Although most types of information are not required to be proactively published by the Australian Freedom of Information legislation, the government routinely publishes budget documents, audit reports and administrative data sets, similarly to most OECD countries. For example, the central portal www.Australia.gov.au provides links to government information and services and is supported by a series of subject-specific portals such as www.data.gov.au for general administrative data sets. Furthermore, much of the data aggregated and available at central portal sites, such as budget documents, is also available through agency-specific websites. Australian audit reports are mainly available on the Australian National Audit Office website. Along with the majority of OECD countries, Australia also requires publishing in open data formats allowing for the re-use of information. Amendments to the Freedom of Information Act of 1982, which commence on 1 May 2011, create a mandatory Information Publication Scheme (IPS) which imposes a number of new obligations on government Departments and Agencies to publish information, including the publication of most responses to FOI requests and certain types of Departmental documents (including operational information). Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

E-GOVERNMENT

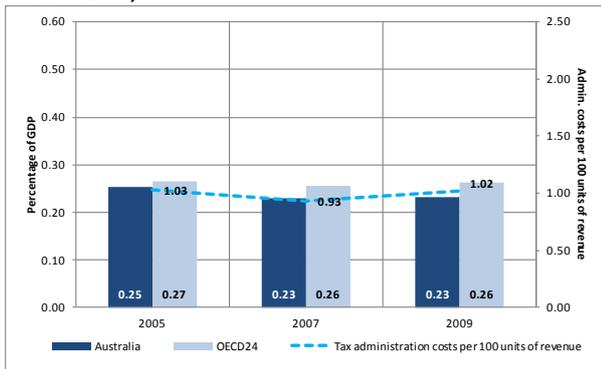
E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Australia	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	●	64%
Services offered on single-entry procurement website		
Tender searches	●	62%
Tracking of outcomes of contracts	○	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data not available		

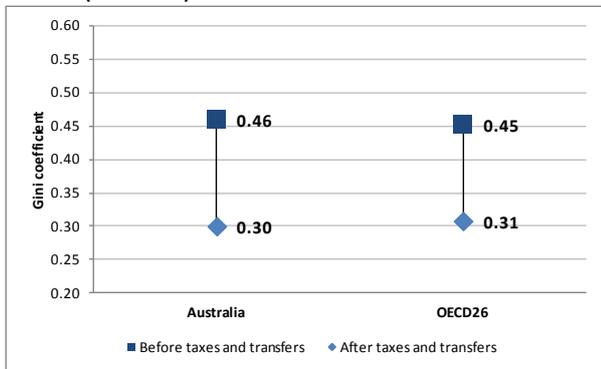
Similar to most OECD countries, the Australian Federal Government has put laws and/or policies in place to promote the use of digital signatures and electronic filing. Digital signatures for example, are key enablers of secure interactions with citizens and businesses and promote the development and take-up of e-government/online services (e.g. e-procurement, e-taxation). AusTender, the Australian Federal Government's single-entry procurement website, allows businesses to perform tender searches, which increases the efficiency and transparency of the procurement process. The Australian Federal Government is also strengthening the functionality between contracts awarded following an open tendering process to their approach to market.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

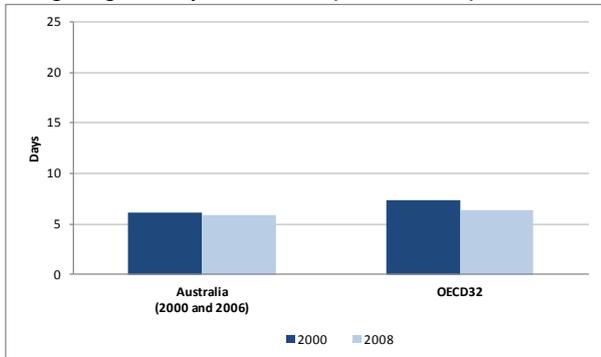
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



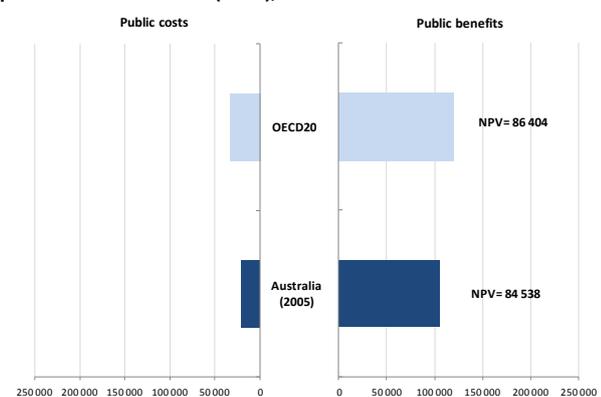
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



Average length of stay for acute care (2000 and 2008)



Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Australia the administration costs of collecting 100 units of revenue have increased slightly between 2007 and 2009. Total revenue body expenditure has decreased, suggesting this change in the ratio could be due partly to macroeconomic conditions: tax revenue declined by over 2% of GDP in Australia in 2008 and only recovered slightly in 2009. *Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [Total revenue body expenditures] [Tax administration costs per 100 units of revenue]*

Income inequality in Australia has fallen quite sharply since 2000, and it is now similar to that of the OECD average for the first time. The effect of government redistributive policies on such measures is slightly higher in Australia than the OECD average; for instance the Gini coefficient is reduced by 0.16 after taxes and transfers (compared to a 0.14 point reduction on average in the OECD). Australia does not spend as much as most OECD countries on cash benefits (unemployment benefits, family benefits, and so on). In a typical country, 22% of total income is from the government in the form of such benefits, compared to 14% in Australia. Therefore, this higher than average reduction in the Gini could partly be explained by how Australia targets these benefits. For instance, Australia targets much more tightly on low-income households than in any other country in the OECD, with 40% of total spending on cash benefits going to the poorest 20% of the population. *Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [Differences in inequality]*

The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. Similar to other OECD countries, the ALOS in Australia decreased from 6.1 days in 2000 to 5.9 days in 2006. This reduction however is less than that of the OECD average, where the decrease was about one day over roughly the same period (2000 to 2008). Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilizing less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes. *Source: OECD Health Data 2010. [ALOS for acute care]*

Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 84 500, Australia’s public net present value (NPV) for a man obtaining tertiary education is slightly lower than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Australia, the NPV is over four times the net public investment in tertiary education, providing a strong incentive to expand higher education. *Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [Public NPV of education]*

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 88). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.