



# Australia Report

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Sustainable Governance  
Indicators 2016

## Executive Summary

Despite its comfortable victory in the September 2013 federal election, the center-right Abbott government soon found itself deeply unpopular with the electorate, particularly after the 2014 budget was defeated (in May of 2014). Discontent within the Liberal Party with Prime Minister Tony Abbott's leadership led to his ouster and replacement by Malcolm Turnbull in September 2015 with no more than one year remaining in the coalition government's term. While relatively few policies changed in the subsequent months, there was considerable change in the government's rhetoric, and a dramatic resurgence of support for the coalition within opinion polls. The tone of public discourse has already changed appreciably on a number of policy fronts, including the economy, the tax and transfer system, the environment, national security and defense, and a variety of social-policy issues.

Notwithstanding this rise in optimism regarding the government's capacity to implement effective policies, the reality is that Australia's economic circumstances have altered since the end of the mining boom, leading to stagnation in living standards and a rise in unemployment rates since 2011. These developments will require difficult fiscal-policy decisions over the coming years. However, the coalition government is constrained by the Senate, in which the balance of power is held by the minor parties and independents. To date, most attempts at substantial policy reform have been blocked by the Senate.

With the end of the boom, Australia must develop new growth industries. At least today, manufacturing, tourism and education services appear unable to fill the gap. Australia is entering the post-boom phase from a position of affluence, but without a strategic vision. The collapse of manufacturing – all three car makers will close their Australian operations in the coming years – is particularly worrisome. Under Turnbull's leadership, there does at least appear to be a recognition of the need to develop new growth industries. The prime minister has particularly emphasized the need for Australia to be “innovative and agile,” although as of the time of writing, he had yet to lay out a plan for fostering innovation and agility. One factor supporting the Australian economy is the relatively weak Australian dollar, which helps to improve the competitive position of tourism and education services in particular.

Examined on the basis of the SGI metrics, policy performance was little changed or even deteriorated slightly over the review period. Little progress was made in restoring budget balance or GDP growth, the labor market remained weak, and real wages and household incomes continued to stagnate. That said, economic, social and other outcomes continue to be relatively good in Australia in absolute terms, and sustainable policy performance compares reasonably favorably with that in many other developed countries. In particular, the fiscal position continues to be considerably stronger than in most other OECD countries.

Based on the SGI criteria, there is also considerable scope for improvement in governance. In its first two years of government, the coalition government arguably took backward steps in this regard by making sweeping cuts to public-service employment, reducing funding to a number of government agencies, and at least partially reneging on the health and education funding agreements reached with the states and territories prior to the 2013 election. These areas saw little change during the review period. Persistent problems therefore remain, such as those deriving from the vertical fiscal imbalance between the federal, state and territory governments; the absence of constitutionally or even legislatively protected human rights; the politicization of the public service; and the degree of concentration in media ownership. In the current political environment, however, there is some cause for optimism that positive steps toward tackling these problems will be taken over the medium term. The new prime minister has demonstrated an appreciation of the problems currently faced by the country, along with a willingness to negotiate and compromise with other parties to achieve policy reforms. It remains to be seen whether this will translate into substantive change.

## Key Challenges

Australia faces a number of major strategic challenges over the coming years. Probably the most pressing, and politically painful, is the “structural fiscal deficit,” an issue that has come to public prominence in the last few years. If the deficit is to be satisfactorily addressed, additional revenue measures will inevitably be required. The OECD suggests raising the goods and services tax as well as the introduction of a land tax.

Australia’s fiscal policy is heavily exposed to external risk and should in the medium term establish a stabilization fund similar to those implemented by other resource-rich economies (such as Norway).

Meanwhile, Australia is in need of significant public investment to bring its infrastructure to a level comparable to other advanced economies. The price for Australia's low level of public debt have been inadequate roads, ports and railroads. Yet the "structural fiscal deficit" impedes large new spending programs on infrastructure. The coalition government has made moves to address some of the shortfalls in infrastructure investment, but to date has primarily focused on roads. At this stage it is unclear to what extent real increases in investment will materialize. The government has, furthermore, scaled back Labor's National Broadband Network infrastructure project, essentially replacing the "fiber to the home" model with an inferior (but less costly) hybrid fiber-copper network model.

Other strategic challenges are more perennial. Closely related to the structural deficit is managing the implications of the aging population. Arguably, existing policies have better prepared Australia for this demographic shift than most other developed countries. More problematic are the inefficiencies inherent in the federal system of government, with a division of federal and state responsibilities and a vertical fiscal imbalance, which complicates policy development in a multitude of areas. The need to secure agreement with the states on most major issues of shared concern – notably, water, health, education and transport infrastructure – has proved difficult for governments of all complexions. The autonomy of states and their accountability should be strengthened while the conditionality of grants from the federal budget should be reduced.

The federal Labor government was at least as proactive in addressing this issue as any past government, but found progress difficult. So-called "cooperative federalism" was supposed to overcome entrenched, parochial interests, but it has proven to be an inadequate approach to facilitating reform on some of the most contentious issues. Policies designed, for example, to achieve more efficient use of water and also ensure a fairer allocation of water rights have so far eluded successive governments, and the issue of water security remains a prominent and immediate issue. Australia's failure to address the water issue reflects the aforementioned problems in the federal system.

The tax system also remains complex and loaded with inefficiencies. The Henry tax review produced 138 recommendations for improvements, but the previous Labor government's response was very meek, adopting only a few of the recommendations. To date, the coalition government has shown little inclination to push through the radical measures required to reform the system, although a process of public consultation on the issue of tax reform is currently underway. Other long-standing deficiencies that should be priorities for reform include diversification of media ownership; improving regulatory

impact assessments by expanding their scope and application; increasing public consultation and transparency, and conducting consultation prior to policy decisions; and introducing a bill of human rights.

In the past, Australia has addressed environmental challenges haphazardly. Considering Australia's climate, there is much room for the development of sustainable policies on energy and the environment. Transport could be made much greener, for instance by using higher excise duties on fuel to improve too often inadequate public transport systems.

Finally, the plight of indigenous Australians continues to be the most serious social failure of policymakers in Australia. There have been numerous policy initiatives over recent decades seeking to address the appalling outcomes experienced by indigenous people, but there is little evidence of substantive progress. Remedying this must remain a priority over the coming years.

Citation:

OECD, Economic Survey Australia, December 2014, p. 11.

Kate Darian-Smith: Indigenes Australien - von der britischen Besiedlung bis zur Gegenwart, in: Bettina Biedermann, Heribert Dieter (eds.): Länderbericht Australien. Bonn: Bundeszentrale für politische Bildung 2012, S. 93-125.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 4

Australia's economy continued to be relatively weak the year-long period ending on 8 November 2015. GDP growth was well below long-term trend, while real net national disposable income had decreased by 0.7% on 30 June 2015, on a year-to-year basis. The unemployment rate was nonetheless relatively unchanged over the period, remaining at approximately 6.2% over the entire year. Australia remains highly dependent on the export of natural resources, and commodity prices continue to decline. Prices for iron ore, Australia's biggest export product, have been hit hard by the declining demand for steel in China, declining from AUD 190 per ton in 2011 to below AUD 40 per ton in December 2015. Taxation revenue has correspondingly declined as a share of GDP, resulting in a succession of substantial budget deficits since 2009. In contrast to other natural resource-dependent economies, such as Norway, Australia has not created a future fund to cushion the impact of a downturn in commodity prices. A lack of microeconomic and tax reforms over the last decade has also contributed to the recent slowdown in economic and employment growth.

The review period was marked by the Liberal-National coalition government's inability to secure Senate passage for budget measures seeking to reduce government expenditure. This has contributed to increases in economic uncertainty and a reduction in business and consumer confidence. The shift in prime ministers from Tony Abbott to Malcolm Turnbull in September 2015 (without a change in government) appears to have restored confidence somewhat, although few substantive policy changes had been introduced as of the end of the review period. Turnbull stresses the need for innovation and research, but continues to consider these challenges to be private-sector tasks.

The main barrier to integrated economic policy continues to be the federal structure of government, and the duplication of many services and regulatory functions between the federal government and the governments of the six states and two territories. The federal system has also proved to be a barrier in achieving cooperation across the jurisdictions. As a result, reform of many social services, most notably health and education, has reached an impasse. The core of the problem is the limited revenue-raising powers held by the states, which are dependent on block grants from the federal government. The Labor government had some success in addressing this problem, signing health funding agreements with all jurisdictions other than Western Australia in 2011 and reaching agreement on reforms to education funding with five of the eight states and territories in 2013. However, the Liberal-National coalition government elected in September 2013 has not committed to these agreements beyond their initial term, and indeed has announced it will only honor the first four years of the six-year “Better Schools” funding agreement.

### Labor Markets

Labor Market  
Policy  
Score: 7

Between May 2011 and October 2015, the unemployment rate rose from 5% to 6.2%, though the labor market has been strong enough to accommodate a 1.5% average annual rate of population increase between 2005 and 2014.

While a series of reforms were implemented over the 1990s and 2000s with the aim of improving flexibility and removing barriers to employment, no significant changes to industrial-relations legislation occurred in the review period. There were also few changes to supply-side labor-market policies. The May 2014 budget initially contained measures introducing a six-month waiting period for unemployment benefits for jobseekers aged under 35, but this accompanying legislation was blocked by the Senate.

In recent years, so-called skills shortages have been a topic of recurrent concern within the Australian labor market. One response to the perceived shortages in skilled labor has been to allow more skilled immigrants to enter the country on temporary “457” visas. The number of 457 visas issued has expanded considerably in recent years, from approximately 68,000 in 2009 – 2010 to 125,070 in 2011 – 2012, and 126,348 in 2012 – 2013. However, following concerns that employers were frequently misusing the program to obtain cheap labor, the federal government subsequently tightened the conditions under which 457 visas could be obtained, with the new regulations taking effect on 1 July 2013. The new regulations appear to have reduced the number of 457 visas granted by about 25%, as the number of visas issued declined to 96,090 in 2014 – 2015.

Minimum wages, which are set by an independent statutory authority, the Fair Work Commission, have arguably emerged as an increasing constraint on employment over the review period. The national minimum wage is relatively high by international standards, at around 55% of the median full-time wage; more importantly, there are also a large number of industry- and occupation-specific minimum wages that can be much higher than the national minimum wage. Taking effect in July 2015, the minimum wage was raised to AUD 17.29 per hour. Real growth in minimum wages did not accelerate over the 2014 – 2015 period, but real-wage growth has stagnated in the broader economy, suggesting the “bite” of minimum wages – that is, the extent to which they negatively impact employment – has been increasing.

Citation:

Department of Immigration and Border Protection ‘Changes to the Subclass 457 program’: <http://www.immi.gov.au/skilled/changes-457-program.htm>

Updated data on 457 visas granted is available on the (new) Australian Border Force web site: <http://www.border.gov.au/about/reports-publications/research-statistics/statistics/work-in-australia>.

## Taxes

Tax Policy  
Score: 6

At a broad level, the tax system achieves a reasonably high degree of horizontal equity, with income generally taxed at the same rate irrespective of the source of the income. The main exception arises in respect of capital-gains taxation, where the family home is exempt from taxation and a 50% discount is applied to capital gains on other assets held at least one year. The rationale for the discount is that it provides a substitute for inflation adjustments. The income-tax system is moderately progressive, and the only significant change in income-tax rates over the review period was a 2 percentage-point increase in the top marginal income-tax rate, to apply only in the 2014 – 2015 and 2015 – 2016 tax years.

The main weakness of the tax system is that it is pro-cyclical, which is particularly problematic given Australia’s dependence on cyclical commodities. Specifically, both the Labor and coalition governments have failed to create a future fund in order to prepare for the end of the resources boom.

Concerning efficiency, in 2008 the Labor government established a committee to review Australia’s tax and transfer system and make recommendations to improve its functioning. The committee found that, in broad terms, the tax system functions well and does not unduly impede economic growth. Nonetheless, a number of inefficient and inequitable aspects of the existing tax system were identified, and the committee recommended 138 changes. Few of the recommendations have been adopted to date, but the coalition government

released a discussion paper in 2015 outlining tax-reform issues that would be considered, and a process of community consultation is currently underway.

With regard to sufficient inflow of tax revenue, for several decades the federal government has on average raised sufficient revenue from taxation to meet expenditure commitments. However, as outlined in detail in “sustainable budgets,” concerns have heightened in the review period that the federal government faces a structural deficit that will require difficult fiscal decisions in the near future, most likely involving a combination of reductions in spending and tax increases. Moreover, there is a long-standing concern about the fiscal sustainability of state and territory governments, which have very limited capacities for raising revenue. Growth in health and education expenditure demands on the states and territories in particular have outpaced revenue growth.

Citation:

Australia’s Future Tax System, Report to the Treasurer. Canberra: Commonwealth Government, 2009. Available from [http://taxreview.treasury.gov.au/content/Content.aspx?doc=html/pubs\\_reports.htm](http://taxreview.treasury.gov.au/content/Content.aspx?doc=html/pubs_reports.htm).

Australian Government ‘Re:think Tax Discussion Paper’, March 2015: <http://bettertax.gov.au/publications/discussion-paper/>.

<http://www.smh.com.au/business/federal-budget/federal-budget-2015-backpackers-hit-with-higher-taxes-20150512-1mzghx.html>

## Budgets

Budgetary Policy  
Score: 5

As Australia’s fiscal position deteriorated further during the review period, fiscal sustainability became a correspondingly more significant issue. The high commodity prices of the early to mid-2000s generated large increases in government revenue, to a significant extent deriving from corporate tax revenue. Much of the additional revenue was spent on income tax cuts and increases in family benefits and several other entitlement programs. Corporate tax revenue has not recovered from the 2008 – 2009 economic downturn, resulting in seven successive budget deficits averaging over 2% of GDP and forecasts of continued deficits under unchanged policy settings.

With net federal government debt standing at approximately 15% of GDP at the time of the review period, the fiscal position is still relatively healthy, but the consensus is that Australia has a “structural deficit.” This means that, averaged over the business cycle, existing revenue streams will not adequately meet ongoing expenditure needs given current tax rates and expenditure levels. The reasoning is that commodity prices will not return to pre-2008 levels, and expenditure demands are projected to increase over coming years, in part because of population aging. Today, Australia’s very high primary deficit

requires determined adjustment, but implementing change is apparently very difficult. As a response to the deteriorating fiscal outlook, the incoming Abbott government in 2013 launched a Commission of Audit tasked with identifying policy options to reduce government expenditure (but not increase revenue) and restore fiscal sustainability. The Commission released its reports in early 2014, recommending numerous sweeping changes, including cuts to welfare benefits, increases in patient contributions to health care, and increases in student contributions to higher education. However, Prime Minister Abbott conceded at the G-20 summit in 2014 that raising patients' contributions and boosting student fees have both proven to be extremely difficult. The subsequent first budget of the Abbott government adopted the recommendations in part, and additionally included a temporary (two-year) two percentage-point increase in the top marginal tax rate and a restoration of the fuel excise's indexation to consumer inflation (which had been removed in 2001).

While these budget measures, if fully implemented, would help restore fiscal sustainability over the medium term, the budget also contained revenue-reduction measures – namely, the removal of the Minerals Resource Rent Tax and the carbon tax – both of which passed both houses of Parliament. More importantly, the Senate refused to pass several of the expenditure measures, including cuts to higher education accompanied by deregulation of tuition fees, imposition of a patient co-payment for out-of-hospital health care, cuts to family benefits, a reduction in the rate of indexation of pensions and an increase in the minimum age of eligibility for the Age Pension from 67 to 70. The 2015 – 2016 budget did not introduce any substantive new initiatives, and even as it was proposed, the government had made little progress in legislating the cuts proposed in its previous budget. However, the change in Liberal Party leadership and prime-ministerial change in September 2015 has brought with it renewed attempts to find common ground with cross-bench senators. Agreement has purportedly been reached for moderate reductions in family-tax-benefit expenditures. As of December 2015, the Turnbull government was considering a substantial increase in the goods-and-services tax (GST) to 15%, but the discussions are in an early stage.

Combined with the government's failure to implement substantive measures to restore revenue, the blocking of the expenditure cuts means budget balance is unlikely to be achieved over the next several years.

Citation:

Australian Government Treasury historical budget and net worth data: [http://budget.gov.au/2015-16/content/bp1/html/bp1\\_bs10-03.htm](http://budget.gov.au/2015-16/content/bp1/html/bp1_bs10-03.htm)

National Commission of Audit, 'Towards Responsible Government' Phase One Report, February 2014 and Phase Two Report, March 2014: <http://www.ncoa.gov.au/report/index.html>

Australian Government, 'Re: Think Tax Discussion Paper', March 2015:

<http://bettertax.gov.au/publications/discussion-paper/>

<http://www.smh.com.au/federal-politics/political-news/everything-is-on-the-table-leaked-coag-agenda-reveals-gst-changes-being-considered-20151208-gli766.html>

## Research and Innovation

R&I Policy  
Score: 4

Successive governments have sought to introduce policies at various times to encourage innovation and to increase investment in business and industry. The 2008 report, “Venturous Australia – Building Strength in Innovation,” recommended measures to increase human capital, enhance intellectual-property rights and increase innovation in government. It also advocated the introduction of more comprehensive tax incentives to encourage greater investment in innovation. The Australian government responded to the report in May 2009 with “Powering Ideas: an Innovation Agenda for the 21st Century,” in which it committed itself to a 10-year plan to build a stronger national innovation system.

However, changes to the policy environment following this report were minimal under the previous Labor government, and since the election of the Abbott government in September 2013, government support for research and innovation has been reduced considerably. Australia continues to provide significant public financial support for research and development, but the results continue to be quite disappointing. The Abbott government cut funding to the Australian Research Council scheme, which funds non-medical university research, and abolished the Australian Renewable Energy agency, which acted to support renewable energy projects in their start-up and early stages. Also telling was the fact that there was no science minister under the Abbott government, for the first time since 1931. However, with the replacement of Abbott with Malcolm Turnbull as prime minister in September 2015, a new cabinet was formed that included a science minister. Moreover, in his early speeches, the new prime minister has emphasized the need to foster innovation.

Citation:

Australian Government, ‘Powering Ideas: An Innovation Agenda for the 21st Century’, 12 May 2009: <http://www.innovation.gov.au/innovation/policy/pages/PoweringIdeas.asp> x

Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education, ‘Australian Innovation system Report 2012’: <http://www.innovation.gov.au/Innovation/Policy/AustralianInnovationSystemReport/AISR2012/index.html>

OECD, Economic Survey Australia 2014, Paris: OECD, 16 December 2014.

Stabilizing  
Global Financial  
Markets  
Score: 7

## Global Financial System

After the financial crisis of 1989 – 1990, Australia successfully improved its national financial regulations. Prudential supervision of Australian banks and other financial institutions is now of high quality. Indeed, reflecting its strong regulations, no Australian bank experienced substantial financial difficulties throughout the financial crises that began in 2008. The Abbott Government was nonetheless not complacent on this front, in March 2014 commissioning a broad-ranging inquiry into the Australian financial system, focusing on how the financial system can most effectively help the Australian economy be productive, grow and meet the financial needs of Australians. The final report was released in December 2014, making 44 recommendations relating to the Australian financial system. The coalition government was slow to react to the report, but began implementing the recommendations following Malcolm Turnbull's ascension to the prime minister's office. Measures have included an increase in banks' capital-adequacy requirements. According to government estimates, the four big banks need an additional AUD 40 billion in fresh capital. Any potential rise in interest rates poses significant risk to private borrowers: 80% of real-estate lending has used variable rates, and real-estate credit constitutes between 40% and 60% of the four large banks' credit portfolios.

Australia has also accumulated a high level of gross foreign debt, currently totaling 125% of GDP, up from 93% in 2010. Between 2012 and 2014, external debt rose from \$1.282 billion to 1.750 billion. While this high level of debt is a risk to Australia's financial stability, Australian governments have not addressed this issue, arguing that it reflects the decisions of the private sector (including households). In 2015, household debt totaled more than 110% of GDP, the second-highest such level in the OECD after the Netherlands.

As a globally oriented country with a high degree of international economic integration, including financial market integration, Australia has a strong interest in promoting a stable, efficient and transparent international financial system. Australia displays a strong commitment to preventing criminal financial activities, including tax evasion, and to that end the government has information sharing arrangements with a number of other countries. However, Australia is a relatively small player in international finance and has a limited ability to shape the regulatory process within multilateral institutions.

### Citation:

Buttiglione, Luigi; Lane, Philip R.; Reichlin, Lucrezia and Vincent Reinhart (2014): *Deleveraging? What Deleveraging?* Center for Economic Policy Research, Geneva Reports on the World Economy, Nr. 16 (September 2014), p. 15.

Financial System Inquiry Final Report, December 2014: <http://fsi.gov.au/publications/final-report/>

The Economist, Like a shag on a rock, 16.5.2015, S. 63.

## II. Social Policies

### Education

Education Policy  
Score: 6

The quality of Australia's education system is variable, tending to be higher in non-government schools and in major metropolitan regions. Overall the high school completion rate is currently around 80%, with all state and territory governments currently having a target of a 90% completion rate by 2015. However, the low level of preschool spending continues to be a weak point: Australia spends only one-quarter of the OECD average on preschools and the country has been falling down the PISA rankings among countries in its region. Concerns about deterioration in educational standards and outcomes over time has provided an impetus for a strong policy focus since 2007 on early childhood, primary and secondary schooling. The most important development was a commitment to implement the recommendations of the "Review of Funding for Schooling" (a.k.a. "the Gonski Review," named after the chairman of the committee that wrote the report), the final report of which was released in December 2011. The Gonski Review made 41 recommendations on school funding in Australia. Implementation of the recommendations would entail a major injection of new funding with a strong emphasis on directing resources to where they are most needed. Five of the eight states and territories signed up to the new "Better Schools" funding agreement, but the long-term outlook for the agreement is poor, as the coalition government has not committed to continuing the agreements beyond their initial 4-year expiration.

With regard to equity, the continued high level of government subsidies to non-government schools means inequity in schooling outcomes continues to be high. The level of private funding in Australia is significantly higher than the OECD-average. Less affluent parents cannot afford to send their children to private schools, which creates inequality. In the higher education sector, the Higher Education Loan Program, (HELP, introduced in 1989) continues to be an important mechanism for equitably and sustainably funding higher education. The scheme has increased the extent to which students bear the cost of their education without diminishing access to higher education for students from poor families. In 2014, the Abbott government passed legislation in the

lower house to cut higher education funding by 20%, deregulate fees charged by higher education and increase the rate of interest charged on HELP debts. This would have reduced higher-education participation and equity of access, but the legislation was blocked in the Senate, and Malcolm Turnbull's government is no longer proposing fee deregulation. However, the 2015 budget did contain measures that would require Australians living overseas to repay HELP debts on the same terms as those faced by Australian residents. This took effect on 1 January 2016, and will help ensure the sector's financial integrity.

Finally, with regard to efficiency, there is much room for improvement. Australia's educational system is complex, with shared responsibilities between the states and the Commonwealth, and with funding coming mainly from the Commonwealth, which contributes to inefficiencies. Federal funding for vocational education and training is very limited. State and territory governments are highly revenue-constrained, and as a consequence the sector is relatively poorly funded. There have been proposals to create a HELP scheme for vocational training, but to date no progress has been made. Questions have also been raised about the cost-effectiveness of the Better Schools program. The higher-education sector is generally efficient and universities have had to be quite entrepreneurial in order to prosper, aggressively marketing to international students and pursuing independent sources of research funds.

Citation:

David Gonski, 'Final Report of the Review of Funding for Schooling', December 2011: <http://www.betterschools.gov.au/review>

Moshe Justman and Chris Ryan, 'What's Wrong with the Gonski Report: Funding Reform and Student Achievement?', Policy Brief No. 2/13, Melbourne Institute, The University of Melbourne, April 2013: [http://www.melbourneinstitute.com/downloads/policy\\_briefs\\_series/pb2013n02.pdf](http://www.melbourneinstitute.com/downloads/policy_briefs_series/pb2013n02.pdf)

## Social Inclusion

Social Inclusion  
Policy  
Score: 5

Australia continues to have a mixed record of social inclusion. Successive governments have made considerable efforts to promote social policies that reduce social exclusion caused by poverty while supporting the principle of equal opportunity. The comparatively flexible labor market has probably been the most effective instrument with regard to ensuring social inclusion.

However, promoting social inclusion did not become an explicit policy goal at the federal level until the election of the Labor government in 2007. At that time, the government created a Social Inclusion Unit (SIU) within the Department of the Prime Minister and Cabinet (PMC), which reported to the

deputy prime minister. Shortly after coming to office in 2013, the Abbott government abolished the SIU and removed all references to social inclusion from policy documents. However, Prime Minister Abbott did take personal responsibility for indigenous affairs by shifting the portfolio to the PMC and becoming the responsible minister, thereby signaling the policy importance of improving indigenous outcomes. The latest proposal, which streamlines the existing 150 programs into a single Indigenous Advancement Strategy, may potentially improve the lives of indigenous Australians. However, considering the failure of virtually all past initiatives, this would be a surprise. The dire situation of the indigenous population continues to be one of Australia's biggest social issues.

In December 2013, the Minister for Social Services commissioned a review of the welfare system with the goal of identifying possible improvements and ensuring the system was sustainable, effective and coherent, and encouraged people to work. The final report of the Reference Group, released in February 2015, advocated streamlining payments into five primary benefits for the working-age population, reducing effective marginal tax rates on welfare recipients in order to encourage employment participation, and adopting an "investment approach" within Australia's social-support system, which in turn would ideally reduce long-term reliance on welfare through targeted investments in benefit recipients. The government broadly accepted the recommendations, but as of the end of the review period, few had been implemented.

Citation:

Australian Institute of Health and Welfare: Mortality and life expectancy of Indigenous Australians 2008 to 2012, <http://www.aihw.gov.au/publication-detail/?id=60129548470&tab=2>.

Reference Group on Welfare Reform, 'A New System for Better Employment and Social Outcomes', Australian Government, February 2015: <https://www.dss.gov.au/our-responsibilities/review-of-australias-welfare-system/a-new-system-for-better-employment-and-social-outcomes-full-version-of-the-final-report>.

[http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Table\\_1\\_Youth\\_unemployment,\\_2014Q4\\_%28%25%29.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Table_1_Youth_unemployment,_2014Q4_%28%25%29.png)

## Health

Health Policy  
Score: 8

The Australian health care system is a complex mix of public-sector and private-sector health care provision and funding. Correspondingly, its performance on quality, inclusiveness and cost efficiency is variable across the components of the system. The federal government directly funds health care through three schemes: Medicare, which subsidizes services provided by doctors; the Pharmaceutical Benefits Scheme (PBS), which subsidizes prescription medications; and a means-tested private health insurance subsidy.

Medicare is the most important pillar in delivering affordable health care to the entire population, but it has design features that decrease efficiency and do not promote equity of access. For example, the level of the subsidy is generally not contingent on the price charged by the doctor. The PBS is perhaps the most successful pillar of health care policy in Australia, granting the Australian community access to medications at a low unit cost.

Quality of medical care in Australia is in general of a high standard, reflecting a highly skilled workforce and a strong tradition of rigorous and high-quality doctor training in public hospitals. However, a number of medical procedures are difficult to access for persons without private health insurance. In particular, waiting periods for non-emergency operations in public hospitals can be many years. Public funding of dental care is also very limited and private dental care can be prohibitively expensive for low-income persons without private health insurance. Consequently, dental health care for low-income groups is poor.

Regarding inclusiveness, significant inequality persists in access to some medical services, such as non-emergency surgery and dental care. Indigenous health outcomes are particularly poor. In 2012, the federal government announced a dental scheme aimed at addressing inequity in access to dental care. Launched on 1 January 2014, the scheme provides up to AUD 1,000 per two-year period for basic dental services for children of low and middle income families. The scheme also increased funding available to the states and territories for dental services for low-income adults. Lack of access to non-emergency surgery reflects, to a significant extent, the funding constraints of the states and territories, which are responsible for funding public hospitals. This was a significant motivation behind the 2011 National Health Reform Agreement, which sought to provide for more sustainable funding arrangements for Australia's health system. Key features of the agreement include additional federal funding for hospitals from 2014 – 2015 to 2019 – 2020 and for non-emergency surgery from 2009 – 2010 to 2015 – 2016; establishment of an Independent Hospital Pricing Authority to set a national efficient price for hospital services and a National Health Performance Authority to monitor and report on hospital performance; and the establishment of "Medicare Locals" nationally to coordinate and integrate primary care. However, in its first 2014 budget, the Abbott government reduced hospital funding by \$15 billion over the 2014 to 2024 period compared to what had been planned under the agreement. The Abbott government also announced plans to replace Medicare Locals with a smaller number of "primary health networks." The 2014 budget also contained measures to introduce a AUD 7 patient co-payment for each doctor visit and clinical pathology service, which has the potential to reduce access to health

care. However, the required legislation was not passed by the Senate and the policy has now been abandoned.

Finally, concerning cost-effectiveness, the health care system is rife with inefficiencies and perverse incentives. Total health care expenditure is relatively low, but as is the case in most developed countries, the government faces significant challenges due to rising costs from an aging population and development of new diagnostic tools and treatments. These rising costs were key motivations for the National Health Reform Agreement and the proposed patient co-payment.

Citation:

National Health Reform Agreement 2011

[http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhra-agreement/\\$File/National%20Health%20Reform%20Agreement.pdf](http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhra-agreement/$File/National%20Health%20Reform%20Agreement.pdf)

## Families

Family Policy  
Score: 7

The election of the Labor government in November 2007 saw a somewhat increased emphasis on promoting the employment of mothers, mainly via increased child care subsidies. The coalition government has retained these subsidies and is similarly committed to promoting employment participation. Part-time employment nonetheless remains the dominant form of employment for women with dependent children, whether partnered or single.

The low level of child care density for the three-to-five-year age group continues to be a problem for many families in Australia. At the same time, fertility rates are much higher than in other OECD countries, with much better child care on offer. However, in the 2015 budget, the government announced a plan to spend AUD 3.5 billion over five years on child care assistance, including a new Child Care Subsidy (CCS). Replacing several existing subsidy programs, the CCS will be implemented beginning on 1 July 2017 as a single subsidy based on family income. Families earning around AUD 65,000 or less will receive a subsidy of 85% of their child care fees, with the subsidy gradually tapering to 50% for families earning around AUD 170,000 or more. There will be no annual cap for families earning around AUD 185,000 or less, while families earning more than this amount will have an annual cap of AUD 10,000 on the total amount of assistance provided per child. Eligibility for the CCS will be determined by an activity test that closely aligns the hours of subsidized care with the amount of work, training, study or any other recognized activity such as volunteering by parents. In October 2015, the government announced a plan to reduce family-tax benefit payments to help fund the CCS.

A government-funded paid parental leave (PPL) scheme was introduced on 1 January 2011. Under the scheme, a primary caregiver parent who was employed at least ten of the 13 months prior to the birth of the child is entitled to 18 weeks leave, paid at the rate of the national minimum wage (6.90 per week as of the end of the review period). However, individuals with an annual income of more than AUD 150,000 are ineligible. Prior to the scheme, only 54% of female employees and 50% of male employees had access to some form of PPL. The scheme therefore considerably expanded access to PPL. In the 2015 budget, the Abbott government tightened access to the scheme by limiting access to individuals whose employer does not provide parental-leave entitlements. In cases where individuals are given less generous parental-leave entitlements from their employer, the government will top up the amount paid until it is equal to the full amount available under the existing scheme.

Welfare policy has increasingly encouraged or compelled mothers who are welfare recipients to take up employment. Starting in July 2006, new single-parent recipients were transferred to the unemployment benefit once the youngest child reached eight years of age. In January 2013, this policy was applied to all recipients of Parenting Payment irrespective of when they began receiving it; in the case of partnered recipients of Parenting Payment, transfer to the unemployment benefit occurs once the youngest child reaches six years of age. With unemployment benefits, single parents receive a lower level of benefits and are required to seek employment of at least 15 hours per week.

Citation:

OECD, *Economic Survey Australia 2014*, p. 61 and 69.

## Pensions

Pension Policy  
Score: 8

Australia has two explicit pension systems, the public age pension and private employment-related pensions. The age pension is funded from general taxation revenue, and because it is means-tested, it effectively acts as a social safety net. However, the means-testing is relatively rigorous, and includes an evaluation of assets including one's house. Pensioners also enjoy additional benefits such as access to universal health care, concessions on pharmaceutical and other government services, and tax concessions.

Currently, the age pension is still the dominant source of income for retirees. Nearly 80% of pensioners receive a means-tested pension from the government. About 41% of pensioners receive a reduced government pension due to the quantity of their own assets. The result is that Australian pensioners'

income is the second-lowest in the OECD as compared to the income of the working population. One-third of Australian citizens live in relative poverty.

However, over time the balance will shift to the private pension system, which was only introduced on a wide scale in 1992, and reached a minimum contribution rate of 9% of earnings only in 2002. The minimum contribution rate increased to 9.25% on 1 July 2013 and to 9.5% on 1 July 2014. It was scheduled to increase by a further 0.5% per year until it reached 12% on 1 July 2019, but in 2014 the Abbott government deferred further increases until 1 July 2021.

Population aging has increased anticipated pressures on the pension system. In response, the government indicated in its 2009 – 2010 budget that it would progressively increase the age of eligibility for the age pension from 65 to 67 years by July 2023. In its 2014 budget, the Abbott government announced plans to further increase the age of eligibility to 70 years by 2035 and to index the pension to consumer price inflation rather than male average weekly earnings beginning 1 July 2017. However, the government was unable to pass the required legislation in the Senate.

In terms of intergenerational inequity, the gradual nature of the shift since 1992 from a pay-as-you-go public pension toward a private pension system supplemented by a public pension has meant that relatively little inequity has resulted between generations. As reliance on private pensions grows over time, intergenerational equity will continue to improve.

Lastly, concerning the fiscal sustainability of the pension system, while reliance on the age pension will continue to be high for many years into the future, in broad terms the pension system is relatively sustainable, with private pensions increasingly taking on more of the financial burden. Concerns have been raised, however, about the sustainability and equity of maintaining the tax-free status of private retirement income. The current absence of significant constraints on how private pension assets are used is also of concern, with some evidence that retirees run down private pension holdings too quickly and become reliant on the age pension.

Citation:

OECD, *Pensions at a glance*. Paris, OECD 2013, p. 68-70.

OECD, *Pensions at a glance*, Paris, OECD 2015, p. 207-211, [http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/pensions-at-a-glance-2015\\_pension\\_glance-2015-en#page209](http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/pensions-at-a-glance-2015_pension_glance-2015-en#page209)

## Integration

Integration Policy  
Score: 8

Relative to its population size, Australia has maintained one of the largest immigration programs of any established democracy in the post-World War II era. Over one-fifth of the population is foreign-born. Successful integration of immigrants has therefore been a policy priority for much of Australia's history. In general, Australia has and continues to be highly successful in integrating immigrants. The most important contributor to this success has been a highly selective immigration policy. Most migrants are selected on the basis of their skills and English language ability. Post-migration, explicit integration efforts primarily consist of encouraging immigrants to apply for citizenship, as well as an initial exclusion of migrants from certain welfare programs. Migrants do not receive unemployment benefits in the first two years after their arrival, which helps to explain Australia's top score in the foreign-born unemployment-rate indicator.

Despite Australia's relatively open immigration policy, a concern in recent years has been the large number of asylum seekers who have arrived, usually on boats from Southeast Asia. Mandatory detention was introduced for asylum seekers in the 1990s, and extended in 2001 such that detainees were excluded from the mainland, where they had certain legal rights of appeal. The incoming Labor government in 2007 initially abolished this so-called Pacific Solution, but in August 2012, offshore processing of asylum seekers was reinstated. Following the 2013 election, the Coalition introduced Operation Sovereign Borders, under which the Australian navy prevents all vessels containing asylum seekers from reaching Australia. The Abbott government has promised to ensure that asylum seekers do not reach Australian territory, and this harsh policy has received broad public support. In a 2014 poll, more than 70% of Australians supported the policy.

Concern has also arisen in recent years about the large number of temporary skilled immigrants, many from island states in the South Pacific. Historically, immigration in Australia has been conceived as permanent resettlement, and the phenomenon of large numbers of temporary immigrants is relatively new. Upward of 100,000 temporary skilled immigration visas are now issued annually. By its nature, the temporary-immigration program is not geared toward long-term integration of immigrants, creating some potential for breakdown in social cohesion.

Citation:

<http://www.smh.com.au/federal-politics/political-news/asylum-seeker-boat-tumbacks-supported-by-71-per-cent-in-poll-20140603-39h2a.html>

<https://www.justlanded.com/english/Australia/Australia-Guide/Jobs/Unemployment-Benefit>

Safe Living  
Conditions  
Score: 8

### Safe Living

Internal security is largely the responsibility of the states and there is correspondingly some variation in policies and outcomes across the states. While crime is widely regarded as a significant economic and social problem, in most states crime rates are in fact relatively low. Coordination between various policing, enforcement and intelligence-gathering authorities is generally satisfactory.

Terrorism emerged on Australian home soil for the first time in December 2014. The hostage drama in Sydney confirmed the expectations of experts, who had warned of a terror risk for Australia for many years. Prior to the Sydney hostage crisis, Australians were affected by terrorism abroad, but not at home. Before December 2014, there had been several failed plots involving Islamic extremists, most notably an attempt to bomb a major sporting event and an attempt to storm a military base with automatic weapons. All resulted in long prison sentences for the defendants.

Responsibility for internal security rests with the Australian Federal Police and the Australian Security Intelligence Organization; the latter has no powers of arrest and relies on the police for support. Both rely on the criminal law for prosecutions, as well as on the Anti-Terrorism Act 2005, the last piece of legislation to be passed to combat terrorism. International organized crime that is not terrorism-related is investigated by the Australian Crime Commission, which was established by the Australian Crime Commission Act 2003, which amalgamated several bodies with similar remits.

The coalition government introduced several measures during the review period aimed at countering terrorism and improving national security more generally. Most significant was the Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015, allowing increased surveillance of electronic communications and imposing requirements on Internet service providers to retain data for minimum periods. The Act was opposed by groups concerned that it unduly infringes on civil liberties, as well as by telecommunications providers, who argued it would impose substantial costs on them.

Citation:

<http://www.smh.com.au/comment/martin-place-cafe-siege-overreaction-from-fear-is-a-measure-of-a-terrorists-success-20141215-127rih.html>

### Global Inequalities

Global Social  
Policy  
Score: 6

Australia plays a significant role in the region with regard to promoting economic development and poverty alleviation in less developed countries, particularly in the Pacific. Australia is also a strong advocate of trade liberalization, especially in relation to agricultural products, which is critically important to economic development in most developing countries.

However, the 2014 government budget included cuts to foreign aid of \$7.6 billion over five years, which arguably represents a backward step in promoting economic opportunities in developing countries.

Due to its status as a middle power, Australia lacks leverage on some issues. It has been unable to provide a major impetus to further develop the multilateral trading system, for example. Australian governments have supported the multilateral trading system rhetorically, but have at the same time contributed to the weakening of the WTO by implementing a number of preferential trade agreements. Australia has concluded free-trade agreements (FTAs) with all major economies in Asia (ASEAN, South Korea, China and Japan) and in 2015 was a party to the Trans-Pacific Partnership agreement.

Citation:  
<http://www.dfat.gov.au/fta/>

## III. Environmental Policies

### Environment

Environmental  
Policy  
Score: 4

Australia's economy is based to a considerable extent on the exploitation of natural resources and on a resource-intensive mode of agricultural production and exportation. Therefore, the trade-off between environmental concerns and economic growth is a topic of great public debate.

Environmental policy in Australia has focused very much in recent years on climate change and water security. However, Australia continues to promote a lifestyle that is not sustainable. Energy consumption is generally high and, despite great potential for solar and wind energy, the contribution of renewable energy to the grid has declined since the 1970s, an exception in the OECD.

Furthermore, since 1971, CO<sub>2</sub> emissions have almost tripled in Australia, again one of the worst performances in the OECD.

Australia's infrastructure continues to be stretched thin, a fact contributing to the rising CO<sub>2</sub> emissions. Public transport in Australian cities is less developed than in comparable European or Asian cities. Investment in infrastructure will have to be a key component in Australia's environmental policy in the next decades.

The country has periodically taken positive steps with respect to climate change, most significantly when a carbon tax of \$23 per ton was introduced on 1 July 2012. However, one of the early acts of the Abbott Liberal-National coalition government was to abolish the carbon tax, which ceased to apply as of 1 July 2014. Nonetheless, the government remains committed to reducing carbon emissions by 26% to 28% as compared to 2005 levels by 2030. A Direct Action Plan, under which businesses will be paid incentives to reduce their emissions, has replaced the carbon tax, but is regarded by most experts as a poor substitute that will ultimately have minimal effects.

Concerning the country's scarce water resources, restrictions on urban water use are common and several states have built desalination plants in recent years. There has been a great deal of policy attention on achieving more sustainable and efficient agricultural use of water in the Murray-Darling Basin, the predominant source of water for agriculture in Australia. However, satisfactory resolution of differences between the four states affected has not been achieved to date.

Biodiversity decline is also a significant concern in Australia, with considerable evidence of acceleration in decline in recent decades. In response to this concern, in October 2010, the Australian government released "Australia's Biodiversity Conservation Strategy 2010–2030," a report that provides the guiding framework for conserving Australia's biodiversity over that period. Various policies to address the decline in biodiversity have been implemented, though more action is required.

Citation:

Australian Natural Resource Management Ministerial Council, 'Australia's Biodiversity Conservation Strategy 2010–2030', 2010: <http://www.environment.gov.au/biodiversity/publications/strategy-2010-30/pubs/biodiversity-strategy-2010.pdf>

<http://www.timebase.com.au/news/2014/AT338-article.html>

<http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian-Infrastructure-Audit-Executive-Summary.pdf>

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 5

Under John Howard's leadership (1996 – 2007), the Australian government rejected attempts to improve global environmental protection. Since then, there has been more support for such policies, helped by the strong position of the Green Party in the Senate. However, comparatively few Australian citizens regard environmental protection as an important issue. In addition, many Australian citizens have very limited sympathy for internationally negotiated projects that would raise the cost of energy in order to reduce CO2 emissions. During the 2013 election campaign, the carbon tax became a major issue, with the coalition promising to abolish the tax – which it ultimately did after winning the election. While this is a domestic issue, the coalition's strong anti-carbon tax posture indicates the Liberal Party and its coalition partner are much less enthusiastic than the previous Labor Party government about participating in a global environmental-protection regime.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 10

The Australian Electoral Commission (AEC) is an independent statutory authority that oversees the registration of candidates and parties according to the registration provisions of Part XI of the Commonwealth Electoral Act. The AEC is accountable for the conduct of elections to a cross-party parliamentary committee, the Joint Standing Committee on Electoral Matters (JSCEM). JSCEM inquiries into and reports on any issues relating to electoral laws and practices and their administration.

There are no significant barriers to registration for any potential candidate or party. A party requires a minimum of 500 members who are on the electoral roll. A candidate for a federal election must be an Australian citizen, at least 18 years old and must not be serving a prison sentence of 12 months or more, or be an undischarged bankrupt or insolvent.

There have been no changes to the laws relating to candidacy procedures in the period under review, and the process remains open, transparent and in line with international best practices.

Media Access  
Score: 8

There are no explicit barriers restricting access to the media for any political party or candidate. The media is generally independent, and highly activist. Furthermore, the public broadcasters – the Australian Broadcasting Commission (ABC) and the Special Broadcasting Service (SBS) – are required under the Australian Broadcasting Act to provide balanced coverage. In practice, the two dominant parties attract most coverage and it is somewhat difficult for minor parties to obtain media coverage. For example, the ABC has a practice of providing free air time to each of the two main parties (Labor and the Liberal-National Coalition) during the election campaign, a service not extended to other political parties. Print media is highly concentrated and also biased toward the established parties. However, independent and minor-party Senators do attract considerable media attention when the governing party does not have a majority in the Senate, and therefore requires their support to pass legislation. In recent decades this has been the rule rather than the exception, and is indeed currently the situation.

In terms of advertising, there are no restrictions on expenditures by candidates or parties, although no advertising is permitted in the three days up to and including polling day. Inequity in access to the media through advertising does arguably arise, as the governing party has the capacity to run advertising campaigns that nominally serve to provide information to the public about government policies and programs, but which are in fact primarily conducted to advance the electoral interests of the governing party.

Voting and  
Registrations  
Rights  
Score: 10

No changes to voting rights occurred in the review period. Registration on the electoral roll and voting are compulsory for all Australian citizens aged 18 years and over, although compliance is somewhat less than 100%, particularly among young people.

Party Financing  
Score: 9

Prisoners serving terms of three years or more are not entitled to vote in federal elections until they are released from prison.

All candidates in state and federal elections are entitled to public funding, subject to obtaining at least 4% of the first preference vote. The amount to be paid is calculated by multiplying the number of votes obtained by the election-funding rate for that year. The funding rate is indexed every six months to increases in the Consumer Price Index; for the 2013 election, it was 248.8 cents per eligible vote in both houses of Parliament (House of Representatives and Senate). The total election funding paid in the 2013 federal election was \$56.4 million. The Australian Electoral Commission (AEC) administers the distribution of funding and provides full public accounts of payments made.

For private funding, there are no limits on the value of donations, and while there are disclosure rules, they are not comprehensive and vary considerably across state governments. At the federal level, for example, candidates endorsed by a registered political party may roll their reporting of donations received into their annual party return, which, in the case of the September 2013 federal election, is not due for release until February 2015. The AEC does, however, rigorously monitor and enforce the disclosure requirements in place.

Private funding has been an area of considerable public discussion in recent years, particularly in relation to disclosure requirements. A parliamentary committee inquiry into election finance reform options produced a report in December 2011, but, as yet, no changes have been legislated.

Several of the state and territory governments have in recent years legislated to improve disclosure requirements for private funding and in some cases limit donations, while other states, such as Victoria, introduced a non-binding “Code of Conduct” in October 2011.

## Citation:

Joint Standing Committee on Electoral Matters, Inquiry into the funding of political parties and election campaigns, December 2011: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=em/political%20funding/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=em/political%20funding/index.htm)

Brenton Holmes 'Political financing: regimes and reforms in Australian states and territories', Parliamentary Library, 19 March 2012: [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2011-2012/PoliticalFinancing](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2011-2012/PoliticalFinancing)

<http://www.loc.gov/law/help/campaign-finance/australia.php>

<http://www.aec.gov.au>

[/About\\_AEC/Publications/Reports\\_On\\_Federal\\_Electoral\\_Events/2010/disclosure.htm#thresholds](http://www.aec.gov.au/About_AEC/Publications/Reports_On_Federal_Electoral_Events/2010/disclosure.htm#thresholds)

[http://www.aec.gov.au/About\\_AEC/Publications/Reports\\_On\\_Federal\\_Electoral\\_Events/2010/fad-report.pdf](http://www.aec.gov.au/About_AEC/Publications/Reports_On_Federal_Electoral_Events/2010/fad-report.pdf)

Popular Decision-Making  
Score: 5

Citizens do not have the legal right to propose and take binding decisions on matters of importance to them at any level of government. Since the establishment of the Federation in 1901, citizens have voted on specific issues 44 times, with eight of those succeeding, but they cannot initiate the process. Nevertheless, some of these referenda have covered important issues, such as the 1967 referendum on the status of indigenous people in Australian society. However, no referendum has succeeded since 1977. National referenda are mandatory in case of parliament-proposed changes to the constitution. Constitutional amendments have to be approved in a referendum and the result is binding. In addition, states and territories also may hold referenda on issues other than constitutional amendments.

A Citizen Initiated Referendum Bill, which would have enabled the citizens of Australia to initiate legislation for the holding of a referendum to alter the constitution, was presented and read in the Senate in 2013, but did not proceed and lapsed at the end of the 43rd Parliament in September 2013.

## Citation:

[http://www.aph.gov.au/~media/05%20About%20Parliament/54%20Parliamentary%20Depts/544%20Parliamentary%20Library/Handbook/43rd\\_PH\\_Part5.ashx](http://www.aph.gov.au/~media/05%20About%20Parliament/54%20Parliamentary%20Depts/544%20Parliamentary%20Library/Handbook/43rd_PH_Part5.ashx)

Williams, George/Hume, David, 2012, People Power: The History and Future of the Referendum in Australia

Citizen Initiated Referendum Bill 2013, No.

, 2013 (Senator Madigan), A Bill for an act to enable the citizens of Australia to initiate legislation for the holding of a referendum in relation to altering the Constitution, and for related purposes, <http://www.restoreaustralia.org.au/petition-ups/CIR%20Bill.pdf>

Australian Election Commission, Referendum dates and results, [http://www.aec.gov.au/Elections/referendums/Referendum\\_Dates\\_and\\_Results.htm](http://www.aec.gov.au/Elections/referendums/Referendum_Dates_and_Results.htm)

### Access to Information

Media Freedom  
Score: 7

Media organizations – both public and private – are largely independent from government, although the main public broadcaster is accountable to a board of directors appointed by the government. Censorship is mainly restricted to material of a violent or sexual nature. There are, however, several potentially significant threats to media independence. For one, regulation of ownership of media is politicized and some owners are regarded as favorable to the incumbent government. Also, the Anti-Terrorism Act 2005 allows for control orders to restrict freedom of speech by individuals and the freedom of the media to publish their views. The National Security Legislation Amendment Bill passed in 2014 also restricts the ability of journalists to report on secret intelligence operations, with up to 10 years in jail imposed for exposing errors made by security agencies. Journalists argue that if whistleblowers are punished, journalism will be hurt. The implications of these two pieces of legislation for media freedom have not yet been tested in court.

Citation:

<http://www.theaustralian.com.au/business/media/call-to-scrap-security-laws-that-could-jail-journos/news-story/0b7b4d888751c0b11dc093ccb11c07bd>

<http://www.pressfreedom.org.au/press-media-alliance-freedom-report/introduction/foreword>

Media Pluralism  
Score: 5

Australia has a high degree of concentration of media ownership, with the ownership of national and state newspapers being divided mainly between two companies: Rupert Murdoch's News Corporation and the John Fairfax Group. The concentration of newspaper ownership has resulted in a low level of diversity in reporting and editorial positions. There is slightly more diversity in broadcast media, with the government funding two bodies, the Australian Broadcasting Corporation and the Special Broadcasting Service, to provide a balance to the main commercial outlets. There are also three main commercial companies, none of which is politically aligned.

Access to  
Government  
Information  
Score: 7

Since 1982, access to government information has been largely regulated by the Freedom of Information Act (FOI Act). Under this act, applications for information from the government must be made in writing and agencies must respond within 30 days.

The original FOI Act contained a considerable number of exemptions, including for cabinet documents; internal working documents; documents affecting national security, international relations or relations with states; documents affecting enforcement of law and protection of public safety; documents affecting Commonwealth financial or property interests; documents relating to business affairs or research; and documents affecting the

national economy. The list of exempted agencies is long and some of them, for instance the Aboriginal Land Councils and Land Trusts or the National Workplace Relations Consultative Council, seem poorly justified.

Ministers were also granted considerable discretion to issue “conclusive certificates” stating that information was exempt under the act’s provisions that protect deliberative process documents, national security and defense, cabinet documents, and documents related to Commonwealth/state relations. These certificates could not be reviewed during any appeal.

Compliance with the FOI Act was heavily criticized by many people in the past, and the Labor government elected in 2007 passed several pieces of legislation and new regulations that sought to improve community access to government information. This included: the Freedom of Information (Removal of Conclusive Certificates and Other Measures) Act 2009; the Freedom of Information (Fees and Charges) Amendment Regulations 2010; the Australian Information Commissioner Act 2010; and the Freedom of Information Amendment (Reform) Act 2010, under which requirements to publish information were increased as of 1 May 2011.

In May 2014, the coalition government announced the abolition of the Office of the Australian Information Commissioner, although in principle its main functions will continue to be carried out by other agencies.

Citation:

Attorney General’s Department web site describing the 2009 and 2010 Freedom of Information reforms:  
<http://www.ag.gov.au/RightsAndProtections/FOI/Pages/Freedomofinformationreforms.aspx>

[http://www.oaic.gov.au/images/documents/freedom-of-information/applying-the-foi-act/foi-guidelines/part2\\_Scope\\_application\\_FOI\\_Act\\_v1.3.pdf](http://www.oaic.gov.au/images/documents/freedom-of-information/applying-the-foi-act/foi-guidelines/part2_Scope_application_FOI_Act_v1.3.pdf)

Statement by the Australian Information Commissioner, Freedom of Information Commissioner and Privacy Commissioner on the Government’s decision to abolish the Office of the Australian Information Commissioner:  
<http://www.oaic.gov.au/news-and-events/statements/australian-governments-budget-decision-to-disband-oaic/australian-government-s-budget-decision-to-disband-oaic>

### Civil Rights and Political Liberties

Civil Rights  
 Score: 7

Australia is the only major established democracy which does not have a bill of rights, but civil rights are protected through a significant body of legislation and by the constitution, which contains certain implied rights which are subject to interpretation by the High Court.

While Australia’s record of protecting human rights is internationally regarded as strong, criticism continues to be voiced regarding treatment of the

indigenous population and the respect accorded to asylum seekers' civil rights.

Since 1992, Australia has operated a system of mandatory detention for asylum seekers while their cases are processed. Offshore processing ceased in 2008 under the Labor government, but was reinstated in August 2012. In September 2013, the coalition government instituted a "turn back the boats" policy, whereby vessels containing asylum seekers are intercepted by the Australian navy and prevented from entering Australia.

Concerns have also been raised about counter-terrorism legislation. The Anti-Terrorism Act 2005 includes a variety of individual powers, including detention for up to 14 days, and restrictions on the movement, activities and contacts of persons subject to "control orders," whether or not those persons have been accused or convicted of any offense. The coalition government has implemented four further tranches of legislation since October 2014. These include the Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015, which requires telecommunications service providers to retain and secure telecommunications metadata for two years. Twenty-two agencies, including the Australian Security Intelligence Organization (ASIO), state police forces, the Australian Crime Commission and the Australian Taxation Office are able to view the data without a warrant. The Act is opposed by a wide range of groups, including human-rights organizations and civil-liberties groups, on the basis that it represents an excessive encroachment on Australians' privacy.

Citation:

<http://www.amnesty.org.au/news/comments/36221/>

Leonard, P (February–March 2015). "The metadata retention debate rages on" Internet Law Bulletin: <http://www.gtlaw.com.au/wp-content/uploads/The-Metadata-Retention-Debate-rages-on.pdf>

Political Liberties  
Score: 8

Political liberty is strongly protected by the courts. However, political liberties are not unfettered. As in other Western countries, anti-terrorist legislation has raised a major challenge to political liberties. The Anti-Terrorism Act 2005 makes any act of sedition illegal, such as urging the overthrow of the government by violence or force, and outlaws any organization that advocates the use of violence or force for that end. One of the main criticisms of the legislation is that it lacks sufficient judicial oversight. Some also regard the design and administration of defamation laws as hampering political liberties, as they in practice act to protect governments, companies and powerful people from scrutiny.

Like many other OECD-countries, Australia has seen the rise of an anti-Islamic party, the Australian Liberty Alliance, which gained approval from the Australian Electoral Commission in 2015. However, previous efforts to

establish far-right extremist parties, for instance Pauline Hanson's One Nation party, have failed.

Citation:

<http://www.smh.com.au/national/new-aussie-antiislamic-party-guns-for-20-per-cent-of-the-vote-20150731-gio18k.html>

Non-discrimination  
Score: 7

Australia has developed a substantial body of anti-discrimination legislation, covering sex, race, ethnicity, marital status, pregnancy and disability. The body charged with overseeing this legislation, the Australian Human Rights Commission, is a statutory authority. After completion of a National Human Rights Consultation, Gillard's Labor government moved toward replacing existing anti-discrimination legislation with a single integrated act that additionally incorporated prohibitions on discrimination on the basis of sexual orientation. However, no changes to legislation were ultimately made during the Gillard government's term in office, and the new coalition government has shown no interest in implementing the changes. Indeed, in November 2013, the attorney general announced a plan to amend part of Australia's racial-discrimination laws by repealing section 18C of the Racial Discrimination Act 1975, which makes it unlawful for someone to perform an act that is reasonably likely to "offend, insult, humiliate or intimidate" someone because of their race or ethnicity. However, in response to widespread opposition to the proposal, it was abandoned in August 2014.

#### Rule of Law

Legal Certainty  
Score: 9

There has been no change in the period under review in the strong judicial oversight over executive decisions. Judicial oversight occurs through a well-developed system of administrative courts, and through the High Court. However, jurisdictional uncertainty between the federal and state governments continues to be an issue. Two recent cases highlighting this uncertainty are a 2013 High Court challenge of the constitutionality of the Minerals Resources Rent Tax (MRRT) introduced by the federal government in 2012 and a 2014 High Court challenge of the constitutionality of federal funding of school chaplains. The High Court ruled the MRRT constitutional, but ruled the chaplaincy program unconstitutional.

Citation:

Michael Crommelin, 'The MRRT Survives, For Now: Fortescue Metals Group Ltd v Commonwealth' on Opinions on High (16 September 2013)

Gabrielle Appleby 'Commonwealth left scrambling by school chaplaincy decision' The Conversation, 19 June 2014: <https://theconversation.com/commonwealth-left-scrambling-by-school-chaplaincy-decision-27935>

Judicial Review  
Score: 10

While the scope for judicial review of government actions is very much affected by legislation allowing for or denying such review, it is nonetheless the case that government and administrative decisions are frequently reviewed by courts. There is a strong tradition of independent judicial review of executive decisions. This tradition stems to a significant extent from the evolution of administrative law, which has spawned an administrative courts process through which complainants may seek a review of executive action. The executive branch generally has very little power to remove judges, which further contributes to the independence of the judiciary. Furthermore, there are many instances in which courts have ruled against the executive. The executive has in the past generally accepted the decisions of the courts or appealed to a higher court, rather than attempting to circumvent the decision.

There has been no significant change during the period under review.

Appointment of  
Justices  
Score: 6

The High Court is the final court of appeal for all federal and state courts. While the constitution lays out various rules for the positions of High Court justices, such as tenure and retirement, there are no guidelines for their appointment – apart from them being appointed by the head of state, the Governor-General. Prior to 1979, the appointment of High Court justices was largely a matter for the federal government, with little or no consultation with the states and territories. The High Court Act 1979 introduced the requirement for consultation between the chief law officers in the states, the attorneys general, and the federal Attorney General. While the system is still not transparent, it does appear that there are opportunities for the states to nominate candidates for a vacant position. However, there has never been a High Court judge from either South Australia or Tasmania, which has been a long-standing bone of contention. Considering the importance of the High Court for the settlement of Commonwealth-state relations, there has been concern that judges with a strong federal perspective are regularly being preferred. From the perspective of the public, the appointment process is secret and the public is rarely consulted when a vacancy occurs.

Citation:

<http://www.smh.com.au/federal-politics/political-opinion/easier-to-pick-a-melbourne-cup-winner-than-next-high-court-judge-20120312-1uwds.html>

Corruption  
Prevention  
Score: 8

Corruption prevention is reasonably effective. Federal and state governments have established a variety of bodies to investigate corruption by politicians and public officials. Many of these bodies have the powers of Royal Commissions, which means that they can summon witnesses to testify. In 2014, Transparency International placed Australia at rank 11 in its international Corruptions Perceptions Index, with a good overall score.

At the federal level, these bodies include the Australian Crime Commission,

charged with combating organized crime and public corruption, the Australian Securities and Investments Commission, the main corporate regulator, and the Australian National Audit Office.

Nonetheless, significant potential for corruption persists, particularly at the state and territory level. Allegations of corruption in the granting of mining leases have sparked public outcry, and a New South Wales Independent Commission Against Corruption inquiry into corruption in the granting of such leases was in progress throughout the review period. This inquiry has led to the resignations of a number of members of the New South Wales parliament from both the Labor and Liberal parties.

Questions of propriety are also occasionally raised with respect to the awarding of government contracts. Tender processes are not always open, and “commercial-in-confidence” is often cited as the reason for non-disclosure of contracts with private-sector firms, raising concerns of favorable treatment extended to friends or favored constituents. Questions of inappropriate personal gain have also been raised when ministers leave Parliament to immediately take up positions in companies they had been responsible for regulating.

However, Australia has been reluctant to address cross-border corruption. A notable exception is the recent action of Australian federal police, which in October 2014 commenced to seize assets of allegedly corrupt Chinese officials. This joint operation with Chinese authorities has been a novelty.

Members of the Senate and the House of Representatives are required to report on their financial interests within 28 days of taking the oath of office. These registers were adopted by resolution of the House of Representatives on 8 October 1984 and the Senate on 17 March 1994. However, there have been instances of failure to comply with this requirement, usually with no consequences for the member concerned. Ministers are further subject to a Ministerial Code of Conduct, introduced in 1996, which articulates guidelines for ministerial conduct. However, this code has no legal standing, and is therefore unenforceable.

Citation:

<http://www.icac.nsw.gov.au/investigations/current-investigations>

<http://www.theguardian.com/australia-news/2014/oct/23/australia-slow-to-tackle-international-corruption-with-just-one-case-in-court>

<http://www.transparency.org/cpi2014/infographic/compare>

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 7

The Commonwealth public service makes extensive use of committees to undertake strategic planning, and these committees' activities generally peak immediately before and after the transition to a new government, and in the pre-budget period. The public service also maintains a single department, the Department of Prime Minister and Cabinet, with the aim of coordinating and directing strategic planning across the government as a whole.

The Labor government elected in 2007 was, under Prime Minister Rudd, characterized by increased emphasis on strategic planning. It commissioned numerous reviews, inquiries and committees in 2008 on a range of policy domains, including pensions, taxes and climate change. It also emphasized a "whole of government" approach to policymaking and service delivery. This new approach was reflected in a detailed set of recommendations in a discussion paper, "Ahead of the Game: Blueprint for the Reform of Australian Government Administration," which was prepared by the Department of Prime Minister and Cabinet. The paper contained 28 recommendations focused mainly around the provision of effective service delivery, strategic planning, and creating a skilled and responsive public service. However, after some initial reform activity in 2010 and 2011, there has been little reform. This shift can at least in part be attributed to a difference in priorities for Prime Minister Gillard, who replaced Rudd as prime minister in 2010. The coalition government elected in September 2013 rationalized the number of government departments and agencies shortly after coming into office, and in May 2014 announced plans to abolish 230 bureaucratic programs and 70 government bodies and reduce the number of public service employees by 16,500 over three years. The plans had not been fully implemented as of the end of the review period, and will almost certainly not be fully implemented in the future. While many of the cuts to programs and government bodies have occurred or

are in the process of occurring, the implications for strategic planning remain unclear. However, they are unlikely to be positive.

The main weakness of the country's strategic planning is the absence of a new vision for Australia's economic development. After the resources boom the country is looking for policy options, but the government has not developed any.

Citation:

<http://www.blackincbooks.com/books/dog-days>

Scholarly Advice  
Score: 6

The federal government has always made extensive use of scientific and specialist scholarly advice, particularly in areas such as health and medicine, and science and technology.

Since the late 1990s, and particularly since 2007, the federal government has funded a range of specialist centers and institutes aimed at undertaking fundamental research and planning, the findings from which feed into government policy. Examples include government support for regulation and compliance centers at the Australian National University, with the Regulatory Institutions Network (RegNet), and the establishment of the Australia and New Zealand School of Government, which is a postgraduate faculty set up by the Australian and New Zealand governments, and by the state governments in New South Wales, Queensland and Victoria.

Despite these formal mechanisms, academic influence on government decision-making is relatively limited, particularly in economic and social policy domains. Australian governments accept advice on technical issues, but much less so on political and economic issues.

#### Interministerial Coordination

GO Expertise  
Score: 9

The Department of Prime Minister and Cabinet is responsible for policy coordination, and as such evaluates and provides advice on all major line ministry proposals. The department has significant resources, and has authority to draw from, and consult with, appropriate sources across the whole of the government system.

GO Gatekeeping  
Score: 10

All major policy proposals must pass through the Department of Prime Minister and Cabinet. In its role of coordinating government policy and ensuring a consistent and coherent legislative program, the department has the capacity to return any item that conflicts with the government's overall policy agenda. However, such an occasion rarely arises, since the department is involved at an early stage in assisting with the drafting of any significant

policy initiatives, so it does not reach an advanced stage without department approval.

Line Ministries  
Score: 9

The Department of Prime Minister and Cabinet (PMC) is always involved at an early stage in assisting with the development and drafting of any significant government policy and the resulting legislation. The PMC and the other relevant department have to both agree on a policy before it can be tabled in cabinet or considered by the relevant minister or ministers.

Cabinet  
Committees  
Score: 8

Committees serve a purpose in dealing with various matters, which include: highly sensitive issues, for example revenue or security matters; relatively routine issues, for example a government's weekly parliamentary program; business that is labor intensive or requires detailed consideration by a smaller group of ministers, for example the expenditure review that takes place before the annual budget, or oversight of the government's initiatives in relation to a sustainable environment. The prime minister usually establishes a number of standing committees of the cabinet (e.g., expenditure review, national security, parliamentary business). Additional committees, including ad hoc committees, may be set up from time to time for particular purposes, such as handling a national disaster.

Ministerial  
Bureaucracy  
Score: 8

There is generally a high level of coordination between line ministry public servants. In most cases, ministries must coordinate with the Department of Finance and the Treasury, since they are responsible for finding the resources for any new policy developments, and such developments must feed into the government's spending and budget cycle. Where there are legal implications, there must be coordination with the Attorney General's Department. Departments least likely to coordinate their activities across the government portfolio are Defense and Foreign Affairs and Trade, since their activities have the fewest implications across the other portfolios.

Coordination is especially effective when the political leadership is driving proposals, but less effective on policy matters initiated at the level of the minister or department, in part reflecting greater uncertainty among civil servants as to the support for the proposal from the political leadership. It also reflects differences in policy priorities and culture across departments, as well as inherent competition between departments for power, relevance and resources.

Informal  
Coordination  
Score: 8

Information coordination procedures exist at the level of the party, where informal consultations on policies take place on a regular basis to make sure that the party leadership supports the government's direction; this occurs regardless of which party is in office. The federal system and the division of responsibilities between the federal government and the state and territory governments means that informal coordination is always an important component of any policy that may involve the states. These procedures are ad

hoc, and take place at two levels, among ministers from different jurisdictions, and at the level of senior public servants.

### Evidence-based Instruments

RIA Application  
Score: 8

The federal government and the state and territory governments require the preparation of regulation impact statements (RIS) for significant regulatory proposals. An RIS provides a formal assessment of the costs and benefits of a regulatory proposal and alternative options for that proposal, followed by a recommendation supporting the most effective and efficient option. RISs are thus not assessments of the socioeconomic impacts of regulatory proposals, although such impacts are implicitly taken into account as part of the process. More significantly, in recent years, while around 75% to 85% of all Australian government proposals with significant impacts led to the performance of an RIS, this share was lower for proposals with highly significant impacts.

Since many government functions and responsibilities are shared between the federal government and the states, these shared activities are coordinated through the Council of Australian Governments, which is the body that brings the federal and state governments together to decide policy. The procedures for the preparation of RIS proposals differ between the federal government and the Council of Australian Governments. Most states and territories have their own requirements for RISs that apply where a regulation will have effect in only a single state or territory. At the federal level, RISs are managed by the Office of Best Practice Regulation, which is part of the Department of Finance and Deregulation.

Citation:

Productivity Commission, 'Regulatory Impact Analysis: Benchmarking', Research Report, November 2012: [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0003/120675/ria-benchmarking.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0003/120675/ria-benchmarking.pdf)

Quality of RIA  
Process  
Score: 5

The preparation of a RIS follows a standard procedure in which policymakers gather the information that will enable them to evaluate the extent to which the proposed regulatory changes will result in a net benefit to the community. The Office of Best Practice Regulation within the Department of Finance and Deregulation, which administers both the federal government and Council of Australian Governments' regulation requirements, seeks a range of information about any new regulation. The level of information required is commensurate with the magnitude of the problem that is being addressed, and the size of the potential impact of the proposal. The Office of Best Practice Regulation uses a number of "adequacy criteria" to assess whether a RIS contains the appropriate levels of information and analysis for it to be assessed as adequate.

In 2012, the Productivity Commission, at the request of the Australian government, produced a report assessing the performance of jurisdictions' regulatory impact analysis processes, including those at the level of the Council of Australian Governments (COAG), and identifying leading practices. Findings of major concern from the report include the following: a number of proposals with highly significant impacts are either exempted from RIA processes or are not rigorously analyzed; public consultation on policy development is often perfunctory or occurs only after development of draft legislation; and public transparency – that is, informing stakeholders about revisions to policy proposals and providing information used in decision-making, or providing reasons for not subjecting proposals to impact analysis – was a glaring weakness in most Australian RIA processes. Furthermore, a major problem in implementing RIA requirements was that the policy decisions often occurred prior to commencement of the RIA process. However, the commission concluded that the regulatory impact analysis process was worth retaining despite unclear benefits.

Citation:

Productivity Commission, 'Regulatory Impact Analysis: Benchmarking', Research Report, November 2012: [http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0003/120675/ria-benchmarking.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0003/120675/ria-benchmarking.pdf)

<http://www.oecd.org/gov/regulatory-policy/Breakout-session-2-Rosalyn%20Bell-RIA-Australia%27s-experience.pdf>

Sustainability  
Check  
Score: 1

Sustainability checks are not, at least explicitly, an integrated component of RIAs in Australia. There is no formally adopted sustainability strategy in Australia.

### Societal Consultation

Negotiating  
Public Support  
Score: 7

The degree of societal consultation on policy development varies depending on the issue, the party in government and numerous contextual factors. The key groups often consulted are trade unions and business-advocacy groups, but other special interests – religious groups, environmental organizations and pro-family groups, for example – also have advocacy groups that are sometimes brought into discussions about policy. Traditionally, Labor governments have been more amenable to consultation with trade unions, while Liberal governments have been more amenable to consultation with business groups, but governments of both persuasions have engaged in extensive consultation on some policies while eschewing consultation on others. For example, in its 2014 budget the coalition government announced substantial and wide-ranging cuts to welfare without prior consultation or warning; yet on tax reform it has proceeded slowly and carefully, and is currently engaged in consultation with a wide range of organizations and individuals.

## Policy Communication

Coherent  
Communication  
Score: 9

Australian governments have traditionally made considerable efforts to align their policy priorities with the messages that they communicate to the public. This policy continued over the review period. However, governments have been relatively unstable since 2007, rendering coherent policy communication more difficult.

Efforts to align policy priorities with the messages communicated to the public have been aided by a number of factors: a tradition of very strong discipline across all the major political parties (perhaps the strongest among the Westminster democracies) and a tradition of suppressing dissent within the parties (often by the threat of de-selection at the next election); strong adherence to the Westminster doctrine of collective cabinet responsibility; and an activist mass media and political opposition that seeks to exploit any apparent policy divisions within the government.

## Implementation

Government  
Efficiency  
Score: 6

The federal election in September 2013 saw the Liberal-National Coalition win a solid majority in the lower house, but it did not secure control of the upper house. Passing legislation has required negotiating with the minor parties and independents with Senate seats. The government has been frustrated in implementing its policy agenda on a number of fronts, including cuts to welfare payments and higher-education funding, deregulation of higher-education fees, and the introduction of patient co-payments for out-of-hospital medical services. These implementation problems were a factor contributing to Tony Abbott's fall. However, Malcolm Turnbull's assumption of the prime minister's position in September 2015 created some optimism that the government will be more successful in implementing its policy agenda over the coming year. For example, in October 2015 the government announced reductions in the Family Tax Benefit that appear likely to gain sufficient support from minor parties and independents to be passed by the Senate.

Citation:

<http://www.theguardian.com/world/2014/nov/15/g20-tony-abbott-whingeing-about-domestic-agenda-on-world-stage>

Ministerial  
Compliance  
Score: 10

Strong party discipline and adherence to the Westminster doctrine of cabinet collective responsibility ensure that ministers have strong incentives to implement the government's program, rather than follow their own self-interest. Australian prime ministers are very dependent on their party caucuses and cannot govern against the majority in the caucus. Labor prime ministers in

particular are limited in their choice of ministers, and have to accept the nominations of the various party factions. The recent successful challenge demonstrated that Liberal prime ministers are also increasingly dependent on their caucuses.

Citation:

Pat Weller, Prime ministers, in: Brian Galligan; Winsome Roberts, *The Oxford Companion to Australian Politics*, Sydney: Oxford University Press 2007, S. 460-463.

Monitoring  
Ministries  
Score: 10

There is strong central oversight of the line ministries by the Department of Prime Minister and Cabinet, which reports directly to the prime minister. The Commonwealth public service, while independent of the government, is strongly motivated to support the government's program.

Monitoring  
Agencies,  
Bureaucracies  
Score: 9

The performance of ministries in monitoring the activities of executive agencies varies, in part due to differences in the degree of independence granted to agencies. For example, central bank independence is core to the credibility of monetary policy and is legislatively protected, which constrains Parliament's capacity to monitor the agency. This notwithstanding, the general pattern over recent years has been one of increasing accountability of the 170-plus statutory authorities and officeholders to the relevant federal minister. The most notable concrete indicator of this trend is that in 2002 the Australian government commissioned a review of the corporate governance of Commonwealth statutory authorities and office holders, the Review of the Corporate Governance of Statutory Authorities and Office Holders (the Uhrig Review). The objective of the review was to identify issues surrounding existing governance arrangements and provide options for the government to improve the performance and get the best from statutory authorities, their office holders and their accountability frameworks. The review was completed in 2004 and a number of the recommendations have since been adopted.

Task Funding  
Score: 6

Tasks are delegated to the states and territories not by choice, but by constitutional requirement, yet the states and territories are highly reliant on the Commonwealth to finance the myriad services they provide, including primary, secondary and vocational education, police, justice systems, public transport, roads and many health services. This dependence has been a source of much conflict, and many would argue it has led to underprovision of state-government provided services. The federal government's commitment to completely pass on to the states all revenue raised by a broad-based consumption tax introduced in 2000 only marginally reduced the tension between the two levels of government. Certainly, it has not helped that prices in education and health care have in recent years risen faster than general price levels, while the proportion of expenditure subject to the consumption tax has declined from 56% in 2005 to around 47% in 2015. In response, the previous Labor government attempted to address underfunding of health care and

education, reaching funding agreements on health care with most jurisdictions in 2011 and making progress on agreements for school funding in early 2013. The coalition government elected in September 2013 has not shown the same commitment to increasing health and education funding, and indeed has indicated an intention to scale back federal funding. In the fiscal year 2014 – 2015, the coalition government was faced with a significant budget deficit and will most probably cut task funding further. Alternatively, the GST may be raised.

Citation:  
Australian Government 'Re:think Tax Discussion Paper', March 2015:  
<http://bettertax.gov.au/publications/discussion-paper/>.

<http://www.abc.net.au/news/2015-11-02/gst-hike-would-raise-130b-modelling-shows/6903782>

Constitutional  
Discretion  
Score: 4

The responsibilities of the Commonwealth and of the states and territories are clearly laid out in the Australian Constitution. However, they have been subject to judicial review over the course of the century, which has resulted in the increasing centralization of executive power. In turn, the policies of the major political parties have been to increase this centralization in the interests of fiscal and administrative efficiency. However, given the restrictions of the Australian constitution, the federal-state relationship is suboptimal, but not as problematic as some state representatives suggest. The states and territories have sought legal redress through the courts on occasions when they have felt that their authority has been diminished by the Commonwealth government. The federal government has also on a number of occasions used its superior financial position to coerce state governments to relinquish powers or adopt favored policies of the federal government, which has had the effect of subverting their constitutional scope of discretion. Most recently, in 2013, the federal government began moves to increase school funding, but contingent on jurisdictions abiding by certain conditions.

Citation:  
[https://www.ceda.com.au/research-and-policy/research/2009/11/economy/six\\_myths\\_federal\\_state](https://www.ceda.com.au/research-and-policy/research/2009/11/economy/six_myths_federal_state)

<http://www.smh.com.au/federal-politics/political-news/everything-is-on-the-table-leaked-coag-agenda-reveals-gst-changes-being-considered-20151208-gli766.html>

National  
Standards  
Score: 6

The Commonwealth has a strong commitment to providing uniform national services, and it makes considerable effort to ensure that program delivery, particularly in health and education, is as uniform as possible across the country. This attempt at uniformity is necessarily complicated by differences in sizes of states and population distribution, and by resistance from state governments keen to preserve their independence. Variation in funding levels according to need (as determined by an independent statutory authority, the Commonwealth Grants Commission) helps to ensure uniformity. Moreover,

contingent funding is regularly used by the Commonwealth to achieve uniformity in minimum standards.

### Adaptability

Domestic  
Adaptability  
Score: 5

Most government structures are essentially driven by domestic imperatives and are largely insensitive to international and supranational developments. The key government structures of Australia have not changed since the federation of the colonies. Indeed, only a few international events have been persuaded Australian governments in recent times to adapt domestic structures. The major exception is in relation to the treaties and conventions to which Australia is a signatory, particularly in the areas of human rights, anti-discrimination and transnational crime, where Australia has been a regional leader. Australian society has been reluctant to support a change in political structures and has resisted doing so when asked in referenda, for example with regard to proposed constitutional changes.

Citation:

[http://www.aec.gov.au/elections/referendums/Referendum\\_Dates\\_and\\_Results.htm](http://www.aec.gov.au/elections/referendums/Referendum_Dates_and_Results.htm)

International  
Coordination  
Score: 7

Australia's comparatively small size and isolated geographic location has tended to work against the country's ability to influence international reform efforts. Nonetheless, there is a governmental culture of seeking to participate in international forums or organizations, including those focused on reform. Primary emphasis tends to be on the Asia-Pacific region, although Australia is also a strong advocate of reducing trade barriers for agricultural products worldwide.

Australia's international reputation has suffered considerably in the last two decades. Both the Howard and the Abbott governments failed to provide constructive inputs within the context of international forums. For example, the Abbott government permitted the G-20 summit in November 2014 to become an anti-Putin event. By contrast, Labor governments, Kevin Rudd's in particular, have been overly ambitious. Rudd's plans for an Asia-Pacific Community were hastily developed and criticized by his own government's advisors. Prime Minister Turnbull has steered a much more cooperative course in his first months in office.

Citation:

<http://www.theguardian.com/world/2014/oct/13/tony-abbott-says-he-will-shirtfront-vladimir-putin-over-downing-of-mh17>

<http://www.smh.com.au/national/rudds-man-criticised-hasty-asiapacific-community-plan-20101223-196ln.html>

### Organizational Reform

Self-monitoring  
Score: 6

There is little in the way of formal processes to indicate that institutional arrangements are monitored regularly, but it is clear that such monitoring does occur occasionally. Institutional arrangements do periodically change, often manifesting as rearrangements and renaming of departments. Ad hoc reviews are also conducted, such as the 2004 Review of the Corporate Governance of Statutory Authorities and Office Holders. In some key areas such as migration, Australian authorities carefully monitor the impact of policies, and rapidly change policy directions if appropriate.

Institutional  
Reform  
Score: 7

Australia largely accepts and implements recommendations from formal government reviews. Investigations have covered all aspects of government including, finance, taxation, social welfare, defense, security and the environment. There have been frequent structural changes to the main Commonwealth government departments, sometimes in response to changing demands and responsibilities, but sometimes simply for political reasons that serve no strategic purpose and may indeed be strategically detrimental. For example, the main department that is responsible for health care has changed its name at least five times in the past two decades in response to changes in its responsibilities. Of course the change of names alone might not be sufficient. For instance, there has also been a long debate on the need to improve the country's infrastructure, but implementation in this area has been rather disappointing.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 6

Opinion surveys indicate Australians have a moderate level of understanding of government policies, and that their level of knowledge increases substantially during election campaigns when they pay greater attention to policy matters. Media coverage tends to be limited due to the lack of diversity in Australian media, which is potentially a contributing factor hindering citizens' policy knowledge. On the other hand, voting in elections of all levels of government is compulsory in Australia, which on balance is likely to increase the general level of awareness of government and opposition policies. Furthermore, media coverage of policy platforms during election campaigns is substantial.

However, Australian citizens have shown a declining interest in political issues. In June 2014, more than a quarter of voters showed dissatisfaction with the democratic system and over 55% indicated that in their view there is no difference between the two big political parties. In the last election, three million voters (20%) either failed to enroll, did not show up or cast an invalid vote.

Citation:

<http://www.abc.net.au/news/2014-08-11/poll-data-reveals-waning-interest-in-politics/5662568>

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 9

Members of the Parliament have considerable resources at their disposal for monitoring government activity and obtaining relevant information to advance policymaking. The Parliamentary Library is well-resourced with many skilled researchers and is able to respond to requests rapidly, putting together reports on policy issues at the request of members. In addition, each senator or member may hire employees in four full-time electorate officer positions. In addition, members who have a second electorate office at Commonwealth expense may hire employees in an additional full-time electorate officer position. Individual members of parliament do not, however, receive allowances to fund independent research.

Obtaining  
Documents  
Score: 9

The legislature has strong powers, deriving from both Section 49 of the constitution and the Parliamentary Privileges Act, that require the executive arm of government to provide Parliament with information. As parliamentary bodies, these powers are vested in parliamentary committees. There are only a very few acceptable reasons for refusal. A minister or other member of the executive who refuses to turn over requested documents can be held in contempt of Parliament.

Summoning  
Ministers  
Score: 10

Committees have the legal right to summon ministers to appear before committee inquiries, but in practice compulsion to appear is uncommon. Under the principle of comity, a house of Parliament does not seek to compel the attendance of members of that house or another house. It is common, however, for members, including ministers, to appear by invitation or by request before committees, to assist with committee inquiries.

Summoning  
Experts  
Score: 10

Parliamentary committees conduct inquiries, to which experts are always invited to give evidence. Experts are also sometimes compelled to appear before committee inquiries.

Task Area  
Congruence  
Score: 9

The number of parliamentary committees exceeds the number of government departments (ministries). Partially this is because there are a number of committees concerned with internal matters of Parliament, such as parliamentary privileges, procedure and publications. In general, the task area

of each “externally oriented” parliamentary committee is confined to one government department, but some government departments have more than one committee monitoring their activities. Usually, the demarcation between task areas of committees that oversee the same department is clear and does not create problems of non-cohesive action by Parliament.

Audit Office  
Score: 10

Under the Auditor-General Act 1997, the Auditor-General is responsible for providing auditing services to Parliament and other public-sector entities. The Australian National Audit Office (ANAO) supports the Auditor-General, which is an independent officer of Parliament. The ANAO’s purpose is to provide Parliament with an independent assessment of selected areas of the public administration, and to provide assurance regarding public-sector financial reporting, administration, and accountability. This task is done primarily by conducting performance and financial-statement audits.

Ombuds Office  
Score: 9

A Commonwealth Ombudsman was established in 1977. Its services are available to anyone who has a complaint about an Australian government agency that they have been unable to resolve. Its charter states that it will investigate complaints where appropriate, deal with complaints in an impartial and effective way, achieve fair outcomes, seek appropriate remedies, and promote improved administration by Australian government agencies. Its services are free of charge. In addition, there are ombudsmen in all six states as well as in the Northern Territory.

Citation:  
<http://www.ombudsman.gov.au/>

## Media

Media Reporting  
Score: 5

Television and radio stations vary in the time they devote to substantive information on policy issues and government decisions. Commercial broadcasters devote relatively little time to such matters, but the state-owned broadcaster, which has one national television station and a number of radio stations, as well as a website, devotes a considerable amount of time to high-quality analysis of government decisions. Newspaper coverage is likewise variable, with the popular newspapers providing superficial coverage and the quality “broadsheets” providing more in-depth coverage and discussion. While Australia used to have more high-quality newspapers in the past, market concentration has contributed to a decline in print-media diversity and quality. To some extent countering this decline has been the emergence of a number of online-only news providers. While the impact of these news outlets is difficult to assess, it is clear that at least several of them have risen to the status of mass-media outlets that are widely read by members of the Australian community.

## Parties and Interest Associations

Intra-party  
Democracy  
Score: 4

Elected members and senators, but no other party members, are responsible for decision-making in both the major parties. Decisions regarding who should hold positions within the party, such as ministerial positions for the party in government, have largely been at the discretion of the elected leader in coalition governments. Labor prime ministers cannot choose their ministers freely, but instead have to allocate portfolios among a set of candidates selected by the factions. The Liberal-National coalition has traditionally had a more open and inclusive process for determining leadership than the Labor Party, which is dominated by factions to which most members are beholden. These factions are regularly criticized for making opaque decisions and for contributing to a lack of decision-making transparency. In response, the process for selecting the Labor Party leader was altered in 2013, giving 50% of the votes to the wider party membership, with the remaining 50% staying with elected members and senators. With regard to the development of policy agendas, both parties have inclusive forums for developing policy platforms. However, in practice, a small leadership group in each party tightly controls decisions on major policies.

Association  
Competence  
(Business)  
Score: 9

The major interest associations, which are run by the employers and business groups and the trade unions, have a history of proposing practical, plausible policies. The main explanation for this is that the government has a long history of involvement and policy consultation with most of the groups (for example, business groups are closely allied with the Liberal Party, farmers' and rural groups are allied with the National Party, and trade unions are allied with the Labor Party). Many elected representatives have at some point in their career been a member of one of these groups, further cementing relations with the interest groups. There are also considerable formal and informal networks linking the various groups to the major political parties, further consolidating the development of practical and coherent policies.

Association  
Competence  
(Others)  
Score: 8

A number of social interest groups, environmental groups and religious groups take responsible and well-considered positions and are, therefore, taken very seriously by government, although there are also groups that take extreme positions. The extent to which the proposals are well thought-out and feasible varies considerably. In general, the proposals from mainstream interest groups are of high quality in part because many elected representatives are drawn from these groups, or have had considerable contact with them prior to their election. The proposals also tend to be of high quality because of the expertise of the groups themselves and their narrow (often single-issue) interest, which means the groups can focus exclusively on a single problem and the ways in which it can be resolved.

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