



Australia Report

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Sustainable Governance Indicators 2018

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Executive Summary

Despite its comfortable victory in the September 2013 federal election, the center-right government of Prime Minister Tony Abbott soon found itself deeply unpopular with the electorate, particularly after the May 2014 budget was defeated in parliament. Discontent with Prime Minister Tony Abbott's leadership within the Liberal Party led to his replacement by Malcolm Turnbull in September 2015. However, Turnbull's popularity quickly evaporated and he secured only a narrow victory in the July 2016 federal election. Indeed, Turnbull's gamble on a "double-dissolution" election (whereby all 76 senate seats were contested, rather than 40) backfired and the senate has proven more intransigent since the election.

Since the end of the mining boom in 2012, Australia's economic circumstances have fundamentally altered and living standards have remained stagnant. Difficult fiscal-policy decisions will be necessary over the coming years, but there appears to be little hope of the government securing the passage of major reforms through the senate, as the balance of power in the senate is held by several minor parties and independents. That said, after an initial period of policy paralysis, in the current review period, the Turnbull government has begun to have some success in passing legislation to achieve reform. To a significant extent, this reflects the government adopting a more moderate or balanced agenda, which has been more acceptable to independents and minor parties.

Under Turnbull's leadership, the government has recognized the need to develop new growth industries. The prime minister has particularly emphasized the need for Australia to be "innovative and agile," although he has not laid out a plan for fostering innovation and agility. One factor supporting the economy is the relative weakness of the Australian dollar, which improves the competitive position for tourism and education services in particular.

Policy performance has improved very slightly over the review period. Slight progress has been made in balancing the government budget, and policies to improve the funding and quality of health and education were implemented as part of the 2017 budget. Economic and social outcomes continue to be relatively good in absolute terms, and sustainable policy performance

compares reasonably favorably with many other developed countries. In particular, the fiscal position continues to be considerably stronger than in many other OECD countries. That said, GDP growth has remained tepid, the labor market has remained relatively weak, and real wages and household incomes remain stagnant.

There is considerable scope for improvement in governance. The coalition government has cut public-sector employment, reduced funding for several government agencies, and partially reneged on the health and education funding agreements reached with the state and territorial governments prior to the 2013 election. This situation improved only slightly during the review period. Persistent problems therefore remain, such as vertical fiscal imbalances between the federal, state and territory governments; the absence of legally protected human rights; the politicization of the public sector; and the degree of concentration in media ownership.

Prime Minister Turnbull 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. Unfortunately, he has so far been unable to translate this into substantive change.

Key Challenges

Australia faces a number of major strategic challenges over the coming years. The most pressing are the lack of investment in physical infrastructure, and the continued dependence of the economy on primary product exports and an inflated real estate sector. In addition, the tax system requires reform. While it is unclear how Australia could reduce its dependence on primary product exports and unwind the bubble in real estate prices without a crash, the tax system could be fixed more easily. The OECD has suggested raising the tax on goods and services tax, and introducing a land tax. The land tax would distribute the benefits from substantial foreign investment in real estate more evenly. Fiscal policy is heavily exposed to external risk and, in the medium term, Australia should establish a stabilization fund, as other resource-rich economies like Norway, have done.

Meanwhile, significant public investment is required to bring Australia's physical infrastructure to a level comparable to other advanced economies. The price for Australia's low level of public debt has been underinvestment in roads, ports and railroads. Yet, the "structural fiscal deficit" impedes large spending programs on infrastructure. The coalition government has attempted

to address some of the shortfalls in infrastructure investment, but has primarily focused on roads. It is unclear to what extent real increases in investment will materialize. Furthermore, the government has scaled back Labor's National Broadband Network infrastructure project, essentially replacing the "fiber to the home" model with an inferior, cheaper hybrid fiber-copper network model.

In international relations, Australia is facing a rapidly deteriorating situation. Its biggest customer, China, is intervening in Australia's domestic policymaking and becoming a much more aggressive player in the Indo-Pacific region. The Australian government is aware of the challenges, but may have to choose between political preferences and commercial interests. The choice will not be simple given the vulnerabilities of the Australian economy.

Other strategic challenges are more perennial. Closely related to the structural deficit has been managing the implications of an aging population. Existing policies have better prepared Australia for this demographic shift compared to most other developed countries. However, the inefficiencies inherent in the federal system of government have proven more problematic. Notable problems include the division between federal and state responsibilities, and a vertical fiscal imbalance. The need to secure agreement with the states on most major issues of shared concern has proven difficult for recent federal governments, particularly in the policy areas of water, health, education and transport infrastructure. 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. "Cooperative federalism" was supposed to overcome entrenched, parochial interests, but has proven inadequate in facilitating reform on contentious issues. Policies designed, for example, to increase the efficiency of water use or ensure a fairer allocation of water rights have eluded successive governments, and the issue of water security remains a prominent and immediate issue. Australia's failure to address the water issue reflects structural problems in the federal system.

The tax system also remains complex and inefficient. The 2010 Henry Tax Review produced 138 recommendations for improvements. However, the previous Labor government only adopted a few recommendations. Similarly, the Liberal-National coalition government has shown little inclination to radically reform the system. 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 greener, for instance, by financing improvements to inadequate public transport systems through an increase in excise duties on fuel.

Finally, the situation of indigenous Australians continues to be the most serious social failure of the Australian political system. Over recent decades, numerous policy initiatives have attempted to address the appalling outcomes experienced by indigenous people, but there is little evidence that substantive progress has been made. 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.

<https://www.oecd.org/eco/surveys/Australia-2017-OECD-economic-survey-overview.pdf>

<https://www.fpwhitepaper.gov.au/>

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 4

Australia's economy remained relatively weak through the year-long period to 8 November 2017. GDP growth was well below the long-term trend, while real household disposable income per capita remained stagnant, currently 1% below its 2012 level. The economy has struggled to adapt to the end of the mining boom, when record-high commodity prices delivered substantial growth in national income. The end of the boom has seen a decline in tax revenue as a share of GDP, resulting in a succession of substantial budget deficits since 2009. A lack of microeconomic and tax reforms over the last decade has also contributed to the recent slowdown in economic growth.

The end of the mining boom has resulted in a void: Australia needs to reinvent itself, but does not know how. Prime Minister Turnbull's calls for increased technological capacity remains vague. The end of car manufacturing in Australia has resulted in a loss of well-paid industry jobs.

During the review period, the Liberal-National coalition government finally accepted that to secure the passage of budget measures through the senate, revenue measures are required in addition to expenditure measures to restore budget balance. The May 2017 budget therefore saw a more balanced mix of expenditure cuts and tax increases than had been attempted unsuccessfully in previous years.

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. Prior to the 2016 meeting of the Council of Australian Governments (COAG), Prime Minister Turnbull floated a proposal to reintroduce state income taxes as a way of eliminating the “vertical fiscal imbalance.” However, all but one of the state and territory leaders quickly rejected the proposal.

Labor Markets

Labor Market
Policy
Score: 7

Since the peak of the mining boom in 2012, unemployment has risen moderately, but continues to be comparatively low. However, wage growth has been very subdued, with almost no increase in real average earnings since 2013. The significant rise of wages during the mining boom, including the minimum wage, has been serving as a break on additional wage increases since 2012.

In recent years, so-called skills shortages have been a topic of recurrent concern in the Australian labor market. One response to the perceived shortages of skilled labor has been to allow more skilled immigrants to enter the country on temporary 457 visas. The number of workers on 457 visas increased considerably until 2013, reaching 126,348 in 2013. However, following concerns that employers were frequently misusing the program to obtain cheap labor, the federal government tightened the conditions under which 457 visas could be obtained, resulting in a decline to 95,360 by March 2017. Previously, one-quarter of 457 visas were given to software developers from India.

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 2017, the minimum wage was raised to AUD 18.29 per hour. In the context of stagnation in real wages in the broader economy, the “bite” of minimum wages (i.e., the extent to which they negatively impact employment) has been increasing. At the same time, the high minimum wage has contributed to stabilizing domestic demand.

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 Australian Border Force web site:

<http://www.border.gov.au/about/reports-publications/research-statistics/statistics/work-in-australia>.

Minimum wage: How does Australia compare to other countries?; <http://www.abc.net.au/news/2016-05-31/minimum-wage-how-does-australia-compare/7461794>

Australia to axe foreign workers visa scheme, Financial Times, 19 April 2017, p. 4.

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. A further significant exemption arises in respect to retirement savings (known as superannuation), which are minimally taxed. That aside, the income-tax system is moderately progressive. Only minor changes to income tax occurred in the review period. A temporary (two-year) “deficit repair levy” of 2% of income in excess of AUD180,000 expired on 30 June 2017, while a 0.5% increase in the Medicare Levy (paid on all income by those earning moderate or higher incomes) was introduced to support the National Disability Insurance Scheme, effective 1 July 2019. The government has also moved to increase taxation of superannuation for those on high incomes or with high superannuation balances, and has also begun implementing reductions in the company tax rate from 30% to 25%, with the new lower rate applying to companies with annual turnover of less than AUD 25 million from 1 July 2017, and applying to companies with annual turnover of less than AUD 50 million from 1 July 2018.

The tax-to-GDP ratio in Australia is among the lowest of any OECD economy. Arguably, the low level of taxation creates bottlenecks in infrastructure development, which have not been sufficiently addressed. Particularly Sydney and Melbourne are exposed to infrastructure bottlenecks.

With regard to sufficient inflow of tax revenue, as outlined in detail in “sustainable budgets,” concerns have again heightened 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.

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

<http://www.treasury.gov.au/Policy-Topics/Taxation/Pocket-Guide-to-the-Australian-Tax-System/Pocket-Guide-to-the-Australian-Tax-System/Part-1>

Budgets

Budgetary Policy
Score: 6

While net federal government debt standing at approximately 20% of GDP at the time of the review period, 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, partially due to an aging population. Finally, Chinese demand for Australia's exports and real estate in Australia keep the outlook for the Australian budget stable. The Australian central bank has recently warned that it could be forced to put a lid on rising real estate prices, which would surely result in a recession.

Australia's fiscal position, while still relatively weak, showed some sign of turning around in the review period. While the budget remains in deficit, modest expenditure and revenue measures were implemented in the 2017 budget which have moderated the growth of government debt. The key driver of a return to fiscal balance is bracket creep, whereby non-indexation of tax thresholds results in a rise in the average tax rate on income, rather than explicit measures to increase revenue and reduce expenditure.

Citation:

Australian Government Treasury historical budget and net worth data: http://www.budget.gov.au/2017-18/content/bp1/download/bp1_bs11.pdf

<http://www.abc.net.au/news/story-streams/federal-budget-2017/2017-05-09/federal-budget-2017-winners-losers/8505738>

Reserve Banks warns regulators could take drastic action to cool Sydney, Melbourne housing market, The Sydney Morning Herald, 18. April 2017, available at <http://www.smh.com.au/business/the-economy/reserve-bank-warns-regulators-could-take-drastic-action-to-cool-sydney-melbourne-housing-market-20170418-gvmszs.html>

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

Research and Innovation

R&I Policy
Score: 4

Since the Abbott government was elected 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, but no new policy announcements have been made. The Australian Academy of Science has suggested a ten-year plan for enhanced research in agricultural science. While Australia will be able to benefit from growing consumer demand in Asian societies, research in agriculture will be important for maintaining Australia's good competitive position in agriculture.

Citation:

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

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>

Australian Academy of Science, A Decadal Plan for Agricultural Sciences, Juni 2017, available at <https://www.science.org.au/support/analysis/decadal-plans-science/decadal-plan-agricultural-sciences-2017-2026>

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

<http://www.smh.com.au/business/federal-budget/federal-budget-scientists-push-for-more-research-funding-20160411-go3uaa.html>

Global Financial System

Stabilizing
Global Financial
Markets
Score: 7

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. To that end, the government has information sharing arrangements with a number of countries. However, Australia is a relatively small player in international finance and has a limited ability to shape the regulatory process within multilateral institutions.

After the financial crisis of 1989 to 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. In 2014, the Abbott government commissioned 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 report made 44 recommendations, a number of which have been implemented by the Turnbull government. Measures have included an increase in banks' capital-adequacy requirements. According to government estimates, the four big banks needed an additional AUD 40 billion in fresh capital. Additionally, the 2017 budget introduced a "major bank levy" on banks with over AUD100 billion in total liabilities, applying to the five largest banks. The levy rate is set at 0.015% of the balance of a bank's total liabilities (but with a number of exclusions), and is expected to raise around AUD1.5 to AUD1.6 billion per annum.

While Australian banks appear to be stable, their capital base is weak, the reason being their enormous exposure to real estate lending. For a real estate loan of AUD 500,000 dollars, a bank only has to hold AUD 10,000 of capital. Given the high price levels for real estate in Australia, that cushion appears inadequate.

Australia has also accumulated a high level of net foreign debt, currently totaling AUD 1.06 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 2017, household debt was 122% of GDP, the second-highest in the OECD after the Netherlands.

Australia's gross debt – at AUD 1.90 billion – is almost twice the net debt level. While the Australian government has favored the use of net rather than gross figures, a realistic perspective needs to consider the latter. The simple reason is that those that hold claims on the rest of the world may not be identical to those that have borrowed from the rest of the world. In other words: Those that need to repay the debt might be, or most probably are, different from those who receive dividends and interest from investments abroad. In the event of a crisis, gross debt is the figure that matters.

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/>

Is it time to end ultra-low rate regime?, The Australian, 11/12. March 2017, p. 25.
<https://tradingeconomics.com/australia/external-debt>

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

<https://data.oecd.org/hha/household-debt.htm#indicator-chart>

II. Social Policies

Education

Education Policy
Score: 6

The quality of Australia's education system tends to be higher in non-government schools and in major metropolitan regions. Overall the high school completion rate is currently around 80%. 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.

In combination with the poor availability of affordable housing, young families are facing a stark choice. They can either buy a house and send their children to a below average public school. Or they invest in their children's education, which makes buying a family home nearly impossible.

Regarding equity, the continued high level of government subsidies to non-government schools means inequity in schooling outcomes is 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. Moreover, inequity has increased, as government funding per student in non-government schools has increased at a faster rate than government funding per student in government schools. The 2017 budget did, however, take steps toward reducing inequity, boosting funding to government schools and reducing funding to some non-government schools in the period of 2017 to 2027.

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. Several measures in recent years have sought to reduce the cost to government of the higher education system. The 2015 budget contained measures requiring Australians living overseas to repay HELP debts on the same terms as those faced by Australian residents. This took effect on 1 January 2016. The 2017 budget additionally increased government direct funding of universities, increased student fees and reduced the income threshold at which students begin repaying their HELP debt.

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 limited. State and territory governments are highly revenue-constrained, and as a consequence the sector is relatively poorly funded. In recent years, a HELP scheme for vocational training, called VET Student Loans, has been established, but only applies to diploma-level courses. The higher-education sector is generally efficient and universities have had to be entrepreneurial 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://studyassist.gov.au/sites/StudyAssist/VET%20Student%20Loans>

http://www.oecd.org/edu/EDUCATION%20POLICY%20OUTLOOK%20AUSTRALIA_EN.pdf

Lisa Pryor, The End of the Australian Dream, The New York Times, 2. Mai 2017, S. 1 und 13.

Social Inclusion

Social Inclusion
Policy
Score: 5

Australia continues to have a mixed record of social inclusion. While successive governments have made considerable efforts to promote social policies that reduce social exclusion, the comparatively flexible labor market has probably been the most effective instrument with regard to ensuring social inclusion.

Despite relatively uneven income distribution and other weaknesses of social policies, Australians are quite content with their lives. Life satisfaction in Australia is higher than in many other OECD countries and almost as high as in the Scandinavian countries.

Promoting social inclusion did not become an explicit policy goal at the federal level until the election of the Labor government in 2007. After coming into office in 2013, the conservative Abbott government reversed course and removed all references to social inclusion from policy documents. While Prime Minister Abbott did take personal responsibility for indigenous affairs, the dire situation of the indigenous population continues to be one of Australia's biggest social issues. Life expectancy of indigenous Australians is about ten years below the Australian average.

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.

A key issue in social policy has been the booming housing market. Families in particular are increasingly unable to live in urban areas and are forced to move to relatively remote places. Sydney in particular is too expensive for most young families. This begins having an effect on economic efficiency, as young talent is no longer moving to Sydney.

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

Sydney ‘doesn’t stack up’ without high salary, while young talent pool grows in Melbourne, domain.com, 12. Juli 2017, im Internet unter <https://www.domain.com.au/news/sydney-doesnt-stack-up-without-high-salary-melbourne-tempts-new-residents-20170712-gx7vt9/>

<https://www.dpmc.gov.au/sites/default/files/publications/indigenous/Health-Performance-Framework-2014/tier-1-health-status-and-outcomes/120-infant-and-child-mortality.html>

<https://www.dpmc.gov.au/sites/default/files/publications/indigenous/Health-Performance-Framework-2014/tier-1-health-status-and-outcomes/119-life-expectancy-birth.html>

Health

Health Policy
Score: 7

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, several 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 2014, the federal government launched a dental scheme aimed at addressing inequity in access to dental care, but the current coalition government has wound back the scheme. 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 2015 to 2020 and for non-emergency surgery from 2010 to 2016, and the establishment of an Independent Hospital Pricing Authority to set a national efficient price for hospital services and a National Health Performance Authority to review hospital performance. However, in its first budget in 2014, the Abbott government reduced hospital funding and implemented a freeze on the indexation of subsidies for out-of-hospital medical services until 2018. However, this freeze was partially removed by the Turnbull government as of July 2017.

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.

Families

Family Policy
Score: 7

The high cost of child care for children not yet at school continues to be a problem for many families in Australia. 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). Initially intended to begin on 1 July 2017, it is now planned for 1 July 2018. Replacing several existing subsidy programs, the CCS is 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. Families earning more than AUD 185,000 per year 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.

Following large increases in family payments over the early 2000s, in recent years there has been some dialing back of these payments. In 2014, the “baby bonus,” a tax-free payment of up to AUD 5,000 payable on birth or adoption of a child, was abolished. In 2016, the government managed to pass some reductions in family payments through the senate, including reducing payments to families where the youngest child is between the ages of 13 and 18, and to families with a household income over AUD 80,000 per year. Additional minor reductions in family payments were announced in the 2017 budget.

A government-funded paid parental leave (PPL) scheme was introduced on 1 January 2011. 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. However, the Turnbull government is seeking to tighten 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.

<http://www.smh.com.au/national/health/little-support-for-parents-of-austistic-kids-20161020-gs6vov.html>

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. 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. Approximately 70% of pensioners receive a means-tested pension from the government. About 41% of pensioners receive a reduced government pension due to their own assets. The result is that Australian pensioners' income is the second lowest in the OECD compared to the income of the working population. Measured income poverty of age pensioners is therefore relatively high. However, over 80% of pensioners own their home. This, combined with the large expenditure subsidies they receive, means that broader poverty measures that take wealth and expenditure subsidies into account show low rates of deprivation among this group.

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 9.5% on 1 July 2014 and was scheduled to increase by a further 0.5% per year until it reached 12% on 1 July 2019. However, in 2014 the Abbott government deferred further increases until 1 July 2021. Contributions to private pensions are concessionally taxed at a flat rate of 15%, and private pension income in retirement is tax exempt.

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 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.

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/oced/social-issues-migration-health/pensions-at-a-glance-2015_pension_glance-2015-en#page209

Lisa Pryor, The End of the Australian Dream, The New York Times, 2. Mai 2017, S. 1 und 13.

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. The combination of a steadily growing economy and the exclusion of migrants from welfare payments in the first two years after their arrival has enabled most migrants to find employment. The effect has been a swift integration into Australian society. However, concerns have 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. Until recently, more than 100,000 temporary

skilled worker visas were 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. However, in the last three years, and particularly in 2017, the government has introduced regulations and fees which have reduced the number of temporary visas issued.

Despite Australia's relatively open immigration policy, an ongoing concern have been asylum-seekers who have arrived, usually on boats from Southeast Asia. Mandatory detention was introduced for asylum-seekers in the 1990s, and offshore processing of asylum-seekers was reinstated in 2012. Following the 2013 election, the coalition introduced Operation Sovereign Borders, under which the Australian navy prevents all vessels containing asylum-seekers from reaching Australia.

Citation:

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

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

<http://www.theaustralian.com.au/national-affairs/immigration/dramatic-decrease-in-asylumseeker-deaths/news-story/0967f643c9a38e09d36d0ad1c28c8a54>

Safe Living

Safe Living
Conditions
Score: 8

Internal security is largely the responsibility of the states and there is correspondingly some variation in policies and outcomes across the states, but in most states crime rates are in fact relatively low. Coordination between various policing, enforcement and intelligence-gathering authorities is generally satisfactory.

While Australians enjoy relatively safe public spaces, domestic violence is a growing concern. Both homicide and physical violence are high, and police are increasingly called to intervene. Furthermore, indigenous Australian women's risk of domestic violence is 35 times higher than that for non-indigenous Australian women.

Responsibility for internal security at the national level 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. International organized crime that is not terrorism-related is investigated by the Australian Crime Commission.

In 2015, the coalition government introduced several measures 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. In 2016, the Australian Citizenship Amendment (Allegiance to Australia) was passed, which grants the government explicit powers to revoke Australian citizenship of dual citizens convicted of engaging in terrorist-related activities.

In July 2017, the prime minister announced that the government would establish a Home Affairs portfolio that will bring together Australia's immigration, border protection, law enforcement and domestic security agencies in a single portfolio. The new portfolio will be more similar to the UK model than the U.S. model – a federation of border and security agencies under which the various agencies retain statutory independence.

Citation:

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

<http://www.smh.com.au/nsw/nsw-crime-statistics-12-major-crime-types-fall-to-their-lowest-in-20-years-20160905-gr921b.html>

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1718/Quick_Guides/HomeAffairs

<http://www.abc.net.au/news/2016-04-06/fact-file-domestic-violence-statistics/7147938>

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 AUD 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).

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. Some progress has been made on water security in recent years, including building desalination plants and creating the Murray-Darling Basin water management plan. However, energy consumption is generally high and, despite great potential for solar and wind energy, the contribution of renewable energy to the grid remains relatively low.

Australia's infrastructure continues to be stretched thin, a fact contributing to the rising carbon 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, but despite the obvious shortcomings investment in new infrastructure is modest.

One of the early acts of Prime Minister Abbott's Liberal-National coalition government was to abolish the carbon tax introduced by the previous Labor government in 2012, which ceased to apply from 1 July 2014. The government remains committed to reducing carbon emissions by 26% to 28% compared to 2005 levels by 2030, but with no effective means of achieving this. However, the government commissioned a review of the national electricity market which was released in June 2017. Most of the recommendations of the review were accepted, and while it is unlikely subsidies will be introduced for renewable

energy, experts believe that adoption of the recommendations will lead to increased renewable energy production, as well as increased energy security and lower electricity prices.

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>

Murray-Darling Basin Authority: <https://www.mdba.gov.au/>

<http://www.smh.com.au/business/energy/worlds-largest-battery-approved-for-south-australia-20170929-gyrsvj.html>

In Australien herrscht wegen der Volatilität der Strompreise und der sich häufenden Blackouts eine Energiekrise, Neue Zürcher Zeitung, 11. Mai 2017.

Tesla to build world’s biggest lithium ion battery in South Australia, The Guardian, 7. Juli 2017, im Internet unter <https://www.theguardian.com/australia-news/2017/jul/07/tesla-to-build-worlds-biggest-lithium-ion-battery-in-south-australia>

Electricity Market Review: <https://www.environment.gov.au/system/files/resources/1d6b0464-6162-4223-ac08-3395a6b1c7fa/files/electricity-market-review-final-report.pdf>

Global Environmental Protection

Global
Environmental
Policy
Score: 5

Australia is not focused on advancing global environmental protection regimes. After winning the 2013 election, the coalition abolished the carbon tax introduced by the previous labor government. 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, without dual citizenship, 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. However, in October 2017, following revelations that at least seven parliamentarians held citizenship of another country – in most cases by ancestry rather than by birth – the High Court ruled that five parliamentarians were ineligible to serve as members of Australia's parliament. This has generated considerable political instability, particularly since the citizenship status of many other parliamentarians remains uncertain.

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 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. Prisoners serving terms of three years or more are not entitled to vote in federal elections until after their release, but all other adult citizens can participate in federal elections and there is no evidence that any person has been prevented from voting.

Party Financing
Score: 9

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 AUD 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 July 2016 federal election, was not due for release until October 2017. The AEC does, however, rigorously monitor and enforce the disclosure requirements in place. 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.

In June 2017, an investigation by journalists into Chinese attempts to influence Australian political parties revealed that both major political parties accepted donations believed to have originated with the Chinese government. The prime minister subsequently ordered an inquiry into espionage and foreign interference laws. The conflict between Australia and China escalated in late 2017. The Australian government accused China of undue interference, while Chinese commentators have labeled Australia an agent of the United States. The tensions might continue in the medium term.

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

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.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/fad-report.pdf

<http://www.abc.net.au/news/2016-08-22/foreign-donations-could-skew-australias-democracy-politicians/7775060>

<http://www.abc.net.au/news/2017-06-06/turnbull-orders-inquiry-following-revelation-asio-warned-parties/8592308>

<http://www.smh.com.au/world/china-criticism-grows-over-australian-foreign-interference-stance-20171211-h02in1.html>

Australien legt sich mit China an. FAZ, 12.Dezember 2017, S. 18.

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 referendums 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 referendums 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 referendums 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

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

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>

<https://freedomhouse.org/report/freedom-press/2015/australia>

<http://www.abc.net.au/news/2017-12-14/china-backlash-australia-questions-of-political-interference/9258462>

Media Pluralism
Score: 5

Australia has a very 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.

It is likely that the concentration of media ownership will increase following the passing of amendments to the Broadcasting Services Act 1992. The amendments repeal two regulations that currently prevent any single person from controlling commercial television licenses that broadcast to more than 75% of the federal population or controlling more than two regulated forms of media (i.e., commercial radio, commercial TV or associated newspapers) in one commercial radio license area.

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.

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/Freedomofinformati onreforms.aspx](http://www.ag.gov.au/RightsAndProtections/FOI/Pages/Freedomofinformati%20onreforms.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

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. Even the Labor Party supports the policy of offshore processing of asylum-seekers, which is of course denying them rights enjoyed by Australian citizens.

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. Most recently, the Australian Citizenship Amendment (Allegiance to Australia) Bill 2015 grants the government explicit powers to

revoke Australian citizenship from dual citizens convicted of engaging in terrorist-related activities. The bill has also been criticized for being unconstitutional and for allowing possible retrospective application.

In late 2017, the government proposed further changes, including new commonwealth criminal offenses for people in possession of instructional terrorist material and for people who engage in terrorism hoaxes; creation of a national facial biometric matching capability; and increasing the role of the military in responding to terrorism incidents.

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>

<https://theconversation.com/improved-citizenship-bill-still-invites-criticism-and-high-court-challenges-47153>

<http://www.smh.com.au/federal-politics/political-news/a-new-low-labor-slams-t Turnbull-government-plans-to-put-asylum-seekers-on-the-street-20170827-gy4z9b.html>

Political Liberties
Score: 8

Political liberty is strongly protected by the courts, but is 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 a rise in anti-Islamic political parties, including Pauline Hanson’s One Nation party, which secured four out of 76 senate seats in the July 2016 federal election.

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. Despite a reduction in sexual discrimination over recent decades, a 2016 survey of young Australians indicated that discrimination against women remains a problem.

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. In response to widespread opposition to the proposal, it was abandoned in August 2014. Several members of the coalition government nonetheless continue to advocate for its repeal.

Even though outside of the review period, it is important to note that Australia has finally joined other OECD countries that permit same-sex marriage. Following a broad majority in a public referendum, Australian parliament passed a bill on 7 December 2017 that allows same-sex marriage.

Citation:

<https://www.missionaustralia.com.au/what-we-do/research-evaluation/youth-survey>

<http://www.smh.com.au/business/workplace-relations/gender-discrimination-starts-young-mission-australia-2016-youth-survey-20161202-gt2snt.html>

<http://abcnews.go.com/International/australian-parliament-approves-sex-marriage-lengthy-national-debate/story?id=51637900>

Rule of Law

Legal Certainty
Score: 9

There is strong judicial oversight of executive decisions. Judicial oversight occurs through a well-developed system of administrative courts, and through the High Court. That said, 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.

Though a relatively minor development, in 2016, the Attorney General issued a direction blocking the Solicitor-General, who advises the government on legal questions, from providing legal advice to anyone in the government without the permission of the Attorney General. This has compromised the independence of the Solicitor-General and contributed to resignation of the Solicitor-General in October 2016.

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>

<http://www.abc.net.au/news/2016-10-24/justin-gleeson-resigns-as-solicitor-general/7960632>

Judicial Review
Score: 10

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

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. In recent years, a debate has emerged whether diversity, as well as representativeness, should play a role in selecting judges.

Corruption
Prevention
Score: 8

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>

<http://www.hcourt.gov.au/justices/about-the-justices>

<https://www.ruleoflaw.org.au/australia-high-court-appointment/>

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.

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. There have been isolated cases of misconduct in anti-corruption commissions. 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/cpi2015>

<http://www.abc.net.au/news/2015-06-17/systemic-corruption-inside-ccc-watchdog-finds/6554220>

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 7

Probably the most important government body for encouraging long-term strategic policy development is the Productivity Commission, which notionally provides advice to government on microeconomic policy, but which increasingly is asked to provide advice in other policy areas. The Productivity Commission conducts reviews and inquiries as directed by government, and also independently produces research reports. All advice and reports are publicly released in a timely fashion.

Within the Commonwealth public service, extensive use is made 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 coalition government rationalized the number of government departments and agencies shortly after coming into office in September 2013. The Community and Public Sector Union estimated that 18,000 public sector jobs have been cut in the subsequent period. The implications for strategic planning are not likely positive.

Citation:

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

<http://www.cpsu.org.au/news/why-re-elected-turnbull-government-bad-your-job>

<http://www.smh.com.au/federal-politics/political-news/paul-keating-australia-lacks-a-foreign-policy-to-negotiate-the-rise-of-china-20160830-gr4y70.html>

Productivity Commission: <https://www.pc.gov.au/>

<https://www.pc.gov.au/research/ongoing/trade-assistance>

<https://www.pc.gov.au/research/completed/rising-protectionism>

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. The notable exception is that the Productivity Commission draws on expert advice when conducting inquiries and reviews.

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.

Citation:

<https://www.pmc.gov.au/who-we-are>

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

Cabinet
Committees
Score: 8

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.

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.

Citation:

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint

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 (COAG), 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 COAG. 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.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm>

<https://www.pmc.gov.au/regulation/developing-regulation-impact-statement>

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 COAG's 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.oecd.org/gov/regulatory-policy/Breakout-session-2-Rosalyn%20Bell-RIA-Australia%27s-experience.pdf>

<https://www.pmc.gov.au/regulation/regulation-impact-analysis-training>

Sustainability
Check
Score: 1

Sustainability checks are not 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 likely to consult with trade unions, while coalition governments have been more likely to consult with business groups. However, governments of both persuasions have engaged in extensive consultation on some policies while ignoring consultation on others.

Citation:

<https://www.pc.gov.au/about/core-functions/inquiries-and-studies>

Policy Communication

Coherent
Communication
Score: 8

Australian governments have traditionally made considerable efforts to align their policy priorities with the messages that they communicate to the public. A number of factors have helped efforts to align policy priorities with the messages communicated to the public: a tradition of very strong discipline across all the major political parties (perhaps the strongest among the Westminster democracies); 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.

However, governments have been relatively unstable since 2007, rendering coherent policy communication more difficult. The current government has proven unable to publicly offer a clear sense of direction, and has suffered from outspoken dissent by some members of government. In a range of policy fields (e.g., economic policy, foreign policy, climate change policy), the government has been unable to publicly communicate a coherent policy agenda.

Implementation

Government
Efficiency
Score: 6

In September 2015, Malcolm Turnbull became prime minister. The transition from Abbott to Turnbull increased public optimism that the government would successfully implement its policy agenda. However, optimism soon faded and the government called a “double-dissolution” election in July 2016. Under a double-dissolution election, all 76 senate seats are contested, rather than the usual 40 seats. The strategy backfired. The coalition government only won a very narrow majority in the lower house and a reduced number of seats in the upper house. Policy gridlock increased following the July 2016 election, but in 2017 the government has had more success in negotiating with the minor parties to pass legislation.

Citation:

<http://www.smh.com.au/federal-politics/brilliant-and-fearless-but-paul-keating-was-right-about-turnbull-20090626-czt7.html>

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 typically 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 inadequate provision 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 has not shown the same commitment to increasing health and education funding, and indeed has indicated an intention to scale back federal funding. Since its rise to power in September 2013, the coalition government has delivered a significant budget deficit in every fiscal year. Consequently, task funding is likely to fall further than rise over coming years. The notable exception is for the National Disability Insurance Scheme (currently in the process of being rolled out), which has had its funding secured by a 0.5% increase of the Medicare Levy (levied on taxable income) from July 2019.

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>
https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Quick_Guides/NDIS

Constitutional
Discretion
Score: 5

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. On a number of occasions, the federal government has also 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. However, the relationship between the federal and the state level has improved in recent years, although there is room for additional improvement. Considering the asymmetrical relationship of the past, the current situation is much improved.

Citation:

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>
<https://www.coag.gov.au/about-coag/agreements/intergovernmental-agreement-implementing-water-reform-murray-darling-basin>

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 referendums, for example with regard to proposed constitutional changes.

Australian society has demonstrated a willingness to ignore international pressure, such as international criticism of its migration policy or high levels of carbon emissions.

On 18 July 2017 the prime minister announced that the government would establish a Home Affairs portfolio that will bring together Australia's immigration, border protection, law enforcement and domestic security agencies within a single portfolio. This appears to have been primarily driven by a desire to better address international and domestic terrorism threats. However, most commentators do not view this as a positive development for strategic planning or implementation of policy.

Citation:

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1718/Quick_Guides/HomeAffairs

http://www.aec.gov.au/elections/referendums/Referendum_Dates_and_Results.htm

<http://www.theaustralian.com.au/national-affairs/immigration/un-human-rights-review-slams-australias-asylum-seeker-policies/news-story/29a4c5e8b0ecf94a327f7fe822dfec07?nk=7466221ea84d656a7525406f82e23bf2-1481452755>

International
Coordination
Score: 7

Australia's comparatively small population and economy, isolated geographic location and status as a South Pacific regional power has tended to work against the country's ability to influence global 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. Previously, Australia had been a very active player in international forums, for instance in the Uruguay Round of the GATT. 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 adviser. Prime Minister Turnbull has steered a much more cooperative course over his term in office. However, Australia has not been providing significant input to policy development to promote global public goods.

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-criticized-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 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.

Australian citizens have shown a declining interest in political issues in recent years. During the 2013 federal election, 20% of adults did not vote, because they were not enrolled or failed to cast a valid vote. However, in recent years, the Australian Electoral Commission has made a concerted effort to increase enrollment, which has increased enrollment of the adult population from 92% in 2013 to 96% in 2017. That said, 9% of enrolled voters did not cast a valid vote at the 2016 election, a record high since voting became compulsory in 1925.

Citation:

<http://www.smh.com.au/federal-politics/political-news/election-2016-voter-turnout-lowest-since-compulsory-voting-began-in-1925-20160808-gqnij2.html>

<http://www.abc.net.au/news/2016-06-07/why-do-we-have-compulsory-voting/7484390>

<https://www.dailytelegraph.com.au/news/nsw/one-nation-immigrants-in-inner-west-and-south-west-shift-support-to-pauline-hansons-party/news-story/78152502617feb5659ac54ca6313dc97>

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. However, individual members of parliament do not 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.

Citation:

https://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=comm_list.htm#joint

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.

Citation:

<https://www.anao.gov.au/about/auditor-general-and-office>

https://www.aph.gov.au/~/-/link.aspx?_id=387AD00794BD41C39579392068D56CF9&_z=z

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. There are also ombudsmen in all six states and the Northern Territory, which operate on similar principles, as well as a variety of issue-specific ombudsmen.

Citation:

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

<http://www.smh.com.au/business/consumer-affairs/private-health-insurance-ombudsman-turned-aggrieved-customers-back-to-medibank-20160622-gpovtk.html>

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, 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.

Citation:

<https://theconversation.com/the-death-of-newspapers-have-we-reached-the-tipping-point-54728>

<https://www.themonthly.com.au/issue/2013/july/1372600800/eric-beecher/death-fairfax-and-end-newspapers>

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.

Citation:

<http://www.smh.com.au/comment/malcolm-turnbulls-downfall-was-that-he-wasnt-allowed-to-lead-20160705-gpyrnc.html>

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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