

CONTEXT

LEGISLATURE: Bicameral

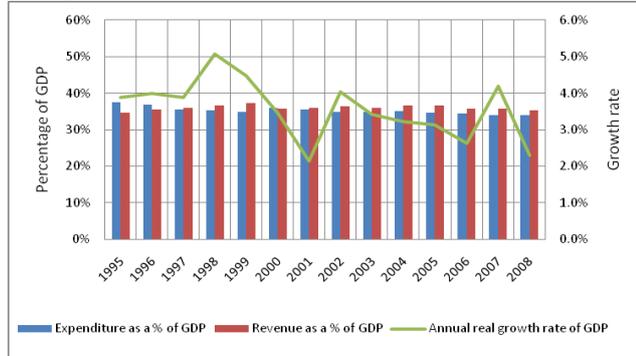
- Upper house: elected
- Lower house: elected using Preferential system

SYSTEM OF GOVERNMENT: Parliamentary

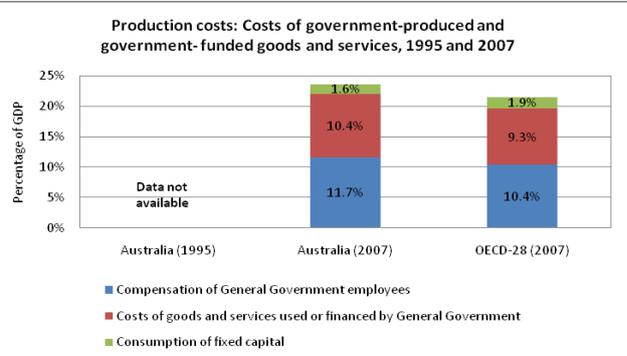
- No. of departments: 19 (2008)
 - No. of ministers in the Cabinet: 20 (2008)
- STATE STRUCTURE: Federal** (6 states and 2 territories)

REVENUES AND EXPENDITURES

In Australia, revenues and expenditures have hovered around 35% of GDP over the past decade. While Australia ran small deficits in 1995 and 1996, it has been running surpluses since 1997. Total production costs as a share of GDP amounted to 22.7% in 2007, slightly higher than the OECD (28) average of 21.6%. Australia uses slightly less capital and more production by government employees and private sector actors than the average OECD country.

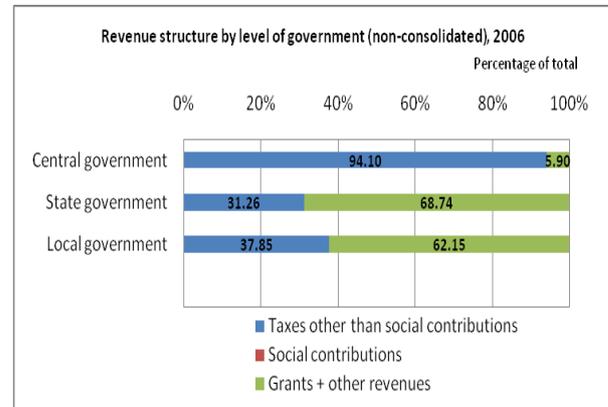


Source: OECD National Accounts and Economic Outlook [Revenues] [Expenditures] [Production costs]



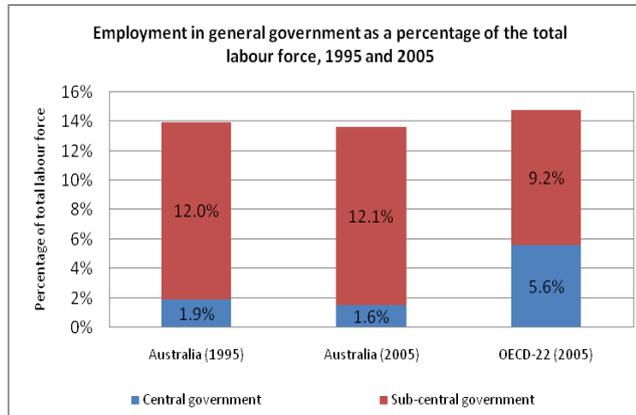
While the federal (central) government collects 94% of its revenues from taxes, state and local governments rely primarily on grants and have more limited powers to raise their own revenues via taxes. Compared to local governments, Australian states collect a lower percentage of their own revenues from taxes (31%) and rely more on grants. Australia recently announced a new framework for federal financial relations intended to reduce the complexity of specific-purpose payments from the federal government to states. Funding will be based on output and outcome performance measures (rather than inputs), granting states greater flexibility in the allocation of federal funds, and reducing administrative and compliance overheads. Australia also does not have a system of designated social contributions and covers these costs from general revenues.

Source: OECD National Accounts [Revenues]

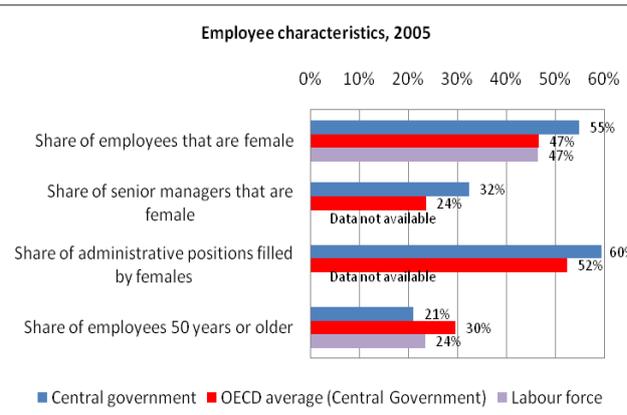


GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS

Government employment in Australia represents around 14% of the total labour force, very similar to the OECD average. Government employment is highly decentralised, with most employees working at sub-federal (state and local) levels of government. The share of the labour force employed by government remained roughly the same from 1995 to 2005. There has also been a slight decrease in the share of federal (central) government employment, suggesting most increases took place at the state and local levels. Females represent a larger proportion of the federal government workforce than in the general labour force. As in all OECD countries, within federal government, females are better represented in administrative positions than in senior managerial posts. However, the Australian federal government is one of the leaders among OECD countries in terms of female representation in senior positions. In terms of ageing, the share of employees 50 years or older in federal government is similar to that of the total labour force.

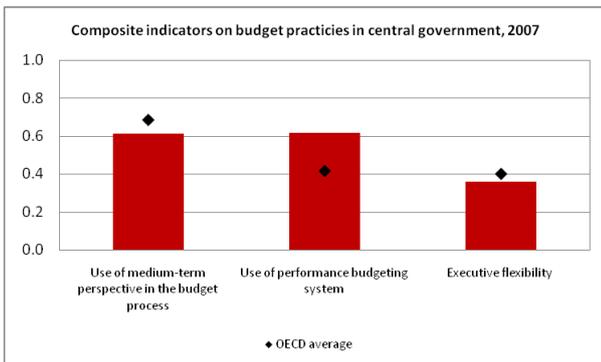
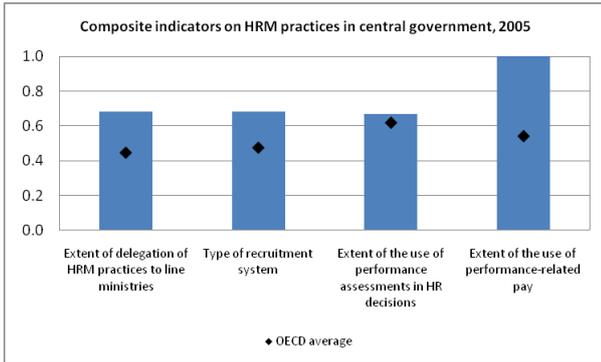


Source: OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey. [General government employment] [Distribution by level]

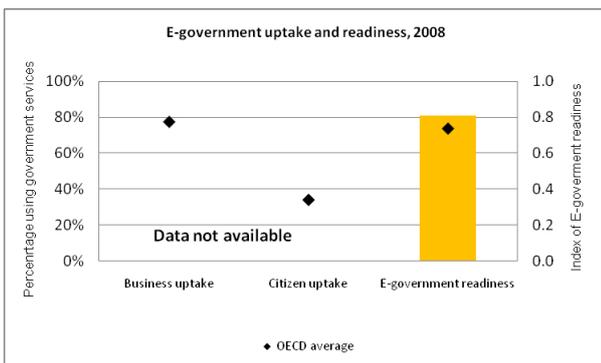


Source: OECD Strategic HRM Survey and Labour Force Survey [Female participation] [Ageing]

COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES



E-GOVERNMENT



INTEGRITY

Types of information central (federal) government decision makers are required to disclose and level of transparency, 2009

	Prime Minister	Minister	Lower House Legislators	Upper House Legislators
Requirements for disclosure				
Assets and liabilities	DP	DP	DP	DP
Loans	DP	DP	DP	DP
Source and level of income	DP	DP	DP	DP
Outside positions	DP	DP	DP	DP
Gifts	DP	DP	DP	DP
Previous employment	ND	ND	ND	ND

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

In general, Australian federal government HRM systems are highly decentralised, as indicated by a relatively high level of delegation of decision making to managers. The recruitment system is also relatively open to outside candidates. In Australia, departments have been delegated authority to identify their staffing needs, recruit staff, and determine compensation levels and other conditions of employment. In addition - similar to New Zealand and Sweden - line managers have more flexibility in determining both who they hire and the conditions of employment. There has been a strong use of performance assessments in HR decisions. Performance-related pay has also been a feature of the HR system, although its usage has been changing in recent times. The Australian federal government is also characterised by a cadre of senior civil servants that are managed separately.

Source: OECD Strategic HRM Survey.

[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

Australia's use of a medium term perspective in the budgeting process is close to the OECD average. While it uses medium-term expenditures estimates, it does not use expenditure ceilings. It also has a well developed performance budgeting system. Australia first introduced an outcome framework in 2000, which was updated in 2003. The Australian Department of Finance and the National Audit Office has issued a joint document of good practice in performance information. However, compared to the extent of flexibility afforded to line ministers in HRM, executive flexibility in budgeting is much lower, although close to the OECD average. Australia has given consideration to the issue of long-term fiscal sustainability and regularly prepares long-term projections called Intergenerational Reports. It has also implemented best practices for budget transparency.

Source: OECD International Budget Practices and Procedures Database

[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)

OECD Journal on Budgeting: www.oecd.org/gov/budget/journal

Australia exhibits a high degree of e-government readiness characterised by an education population, high levels of broadband access, and a large number of services available on line.

Source: United Nations E-Government Readiness Knowledge Base

[\[Readiness\]](#) [\[Uptake\]](#)

[\[OECD E-Government Publications\]](#)

Australia is a leader among OECD countries in the amount and types of information it requires federal government decision makers to disclose. Australia requires key elected officials from the executive and legislative branches to disclose and make publicly available their income and any outside positions that they may hold. However, Australia does not officially require the disclosure of previous employment from these elected officials.

Source: OECD Survey on Integrity

[\[Disclosures\]](#)

Requirements for Regulatory Impact Analysis (RIA) processes used by central governments

	2005	2008
Quality reviewed by body external to Ministry preparing rules	Yes	Yes
Required for draft primary laws	Only for major regulation	Always
Required for draft subordinate regulations	Only for major regulation	Only for major regulation
Required to quantify costs	Only for major regulation	Always
Required to quantify benefits	Only for major regulation	Always
Required to publicly release results	Always	Always

Extent of programs for reducing administrative burdens at the central level of government

	1998	2005	2008
Explicit programme exists	Yes	Yes	Yes
Includes quantitative targets	Yes	No	No

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

Australia was an early adopter of RIA in 1985 and has progressively strengthened the use of RIA and its institutional underpinnings over time, extending its application to all regulatory instruments that are likely to impose a significant burden. The Office of Best Practice Regulation provides training to government agencies to improve RIA and provides oversight of the technical quality of RIA. If an RIA is deemed inadequate, the regulatory proposal may not proceed to Cabinet. In the area of administrative simplification, the Productivity Commission in Australia is engaged in an innovative exercise to benchmark the comparative regulatory burdens imposed by the federal and state jurisdictions in different sectors in order to provide information about opportunities to introduce reforms and improve regulatory policy.

Source: OECD Survey on Regulatory Management.

[\[RIA\]](#) [\[Administrative simplification\]](#)

Regulatory Management Indicators: www.oecd.org/regreform/indicators

EU 15 reviews on Regulatory Reform: www.oecd.org/gov/regref/eu15

Background reports on Regulatory Reform: www.oecd.org/regreform/backgroundreports

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

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2009*.

Employment characteristics: The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

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

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.

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

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

E-Government:

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.