

FEDERALISM AND BENCHMARKING IN AUSTRALIA

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Précis

Since 1993, Australia has had a system of benchmarking government services delivered by State (Länder) governments.

There is an annual report on performance published by an independent Federal body called the Productivity Commission. The report covers services such as housing, health, education, policing, courts and justice, community services, and indigenous affairs. All of these services are delivered by the States (Länder).

It is a system that uses common definitions and methodologies and thus promotes comparability of performance between the States (Länder).

Progress has been made over the last 15 years in refining the system, but much still remains to be done in agreeing on and defining outcome measures.

State politicians sometimes find the report politically embarrassing, and the level of State support has been mixed. It has, however, enabled a degree of comparability and competitive federalism to drive efficiencies and innovation.

The new Australian Government (Labor elected in November 2007) has an agenda of wide ranging reform in government service delivery. It also works to get the federal system to work more efficiently. A focus on outcome measures and benchmarking is likely to see the reinvigoration/reform of the current benchmarking system.

A major feature of Australia's federal system is the level of vertical fiscal imbalance – the Federal Government raises most of the revenue; and there are large transfers to the States. This is an important reason why Federal governments have been able to encourage or coerce the States into benchmarking and reporting performance. But State Treasuries/Finance Departments and Premier and Treasurers have also found benchmarking a useful discipline in driving efficiencies.