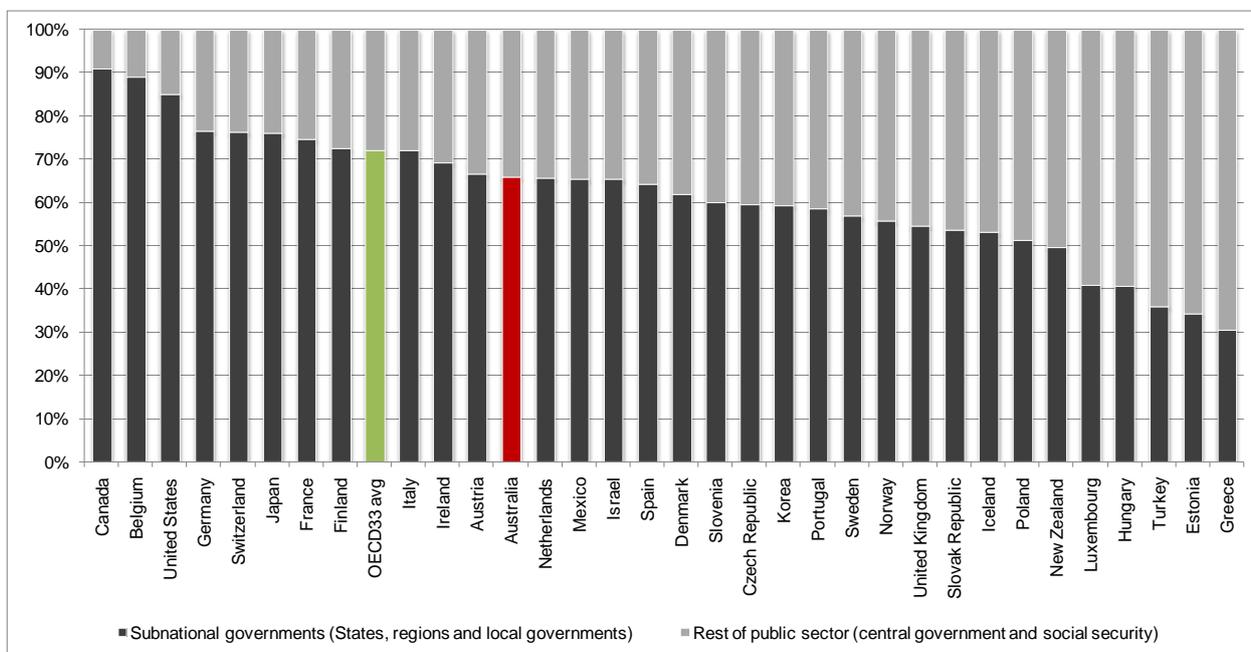


Country Fact Sheet

AUSTRALIA

Sub-national public direct investment in OECD countries, 2012

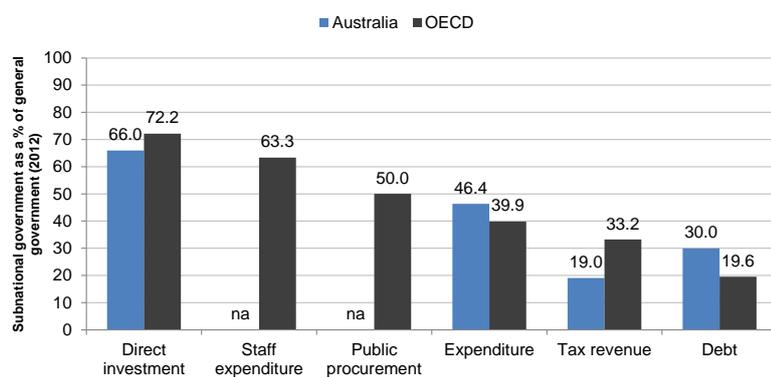
(as a share of public direct investment)



Note: Data for Australia, Mexico, Switzerland, the U.S., Israel, Japan, Korea, & Turkey from 2011; Data for Canada and New Zealand from 2010.

Source: OECD National accounts.

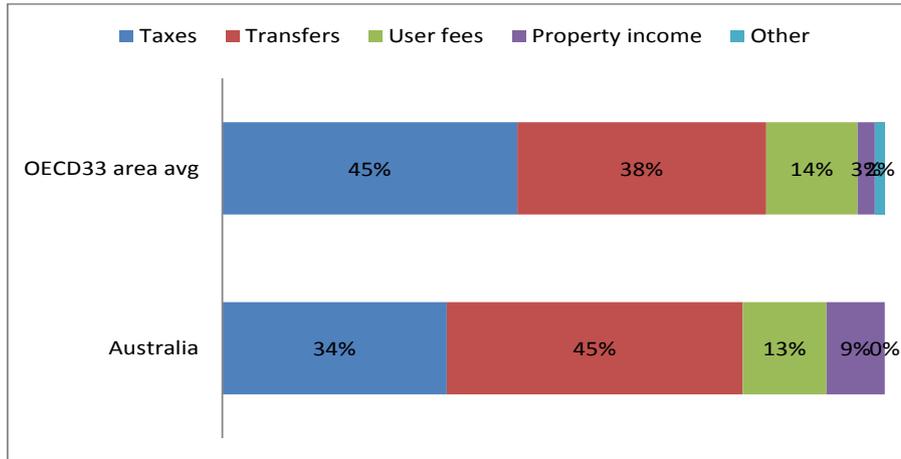
Figure 1. The role of sub-national governments in public finance in Australia



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#).

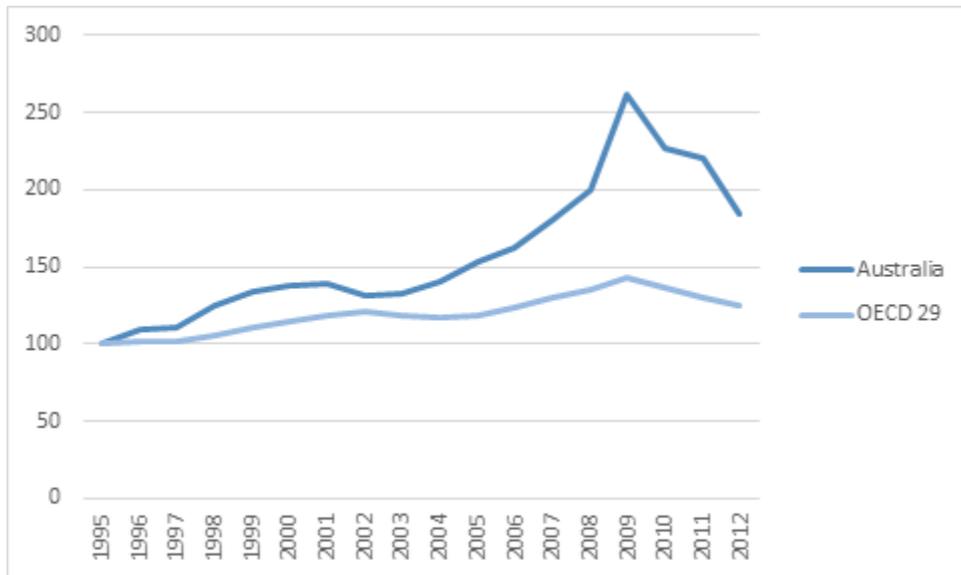
In Australia, 66% of the total public investment was carried out by sub-national governments (SNG), compared to 72% in the OECD area. In recent years, despite the economic downturn, SNG investment increased in Australia from USD 964 per capita in 2007 to USD 1 047 per capita in 2011, while it decreased in the OECD area by around USD 46 per capita.

Indicators of sub-national fiscal autonomy in Australia



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#).

Trends in sub-national investment in Australia



Breakdown of sub-national investment in Australia

NO DATA FOR AUSTRALIA

FACTS AND FIGURES RELATED TO PUBLIC INVESTMENT:	
General government public direct investment (USD billion), 2012	35.4
<ul style="list-style-type: none"> • Percent of GDP • Percent of public expenditure • In USD per capita 	3.6 9.9 1 588
Sub-national government public direct investment (USD billion), 2012	23.4
<ul style="list-style-type: none"> • Percent of GDP • Percent of sub-national public expenditure • Percent of total public direct investment • In USD per capita 	2.4 14.1 66.0 1 047
INDICATOR SUBNATIONAL FISCAL ATONOMY	
<ul style="list-style-type: none"> • Tax revenues (2012) [Percentage in total sub-national revenues] • User fees (2012) [Percentage in total sub-national revenues] • Property income • Transfers (2012) [Percentage in total sub-national revenues] 	34% 13% 9% 45%
MAIN MECHANISMS FOR COORDINATING PRIOTISATION AND IMPLEMENTATION OF PUBLIC INVESTMENT BETWEEN NATIONAL AND SUB-NATIONAL LEVELS (2012)	
<i>Vertical relations</i>	
<ul style="list-style-type: none"> • Sectoral body in charge of national/sub-national co-ordination • National body in charge of national/sub-national co-ordination; • Forum gathering sub-national governments • Contractual arrangements across levels of government • National sectoral representatives appointed to sub-national levels • Regional Development Agencies 	Yes Yes Yes Yes ? No
<i>Horizontal relations</i>	
<ul style="list-style-type: none"> • Mechanisms or incentives exist to encourage co-operation for public investment (horizontally) across sub-national authorities, 2012 	Yes
STRENGTHENING CAPACITIES FOR PUBLIC INVESTMENT AT DIFFERENT LEVELS OF GOVERNMENT	
<ul style="list-style-type: none"> • There is recognition of procurement officials as a specific profession, 2010 • Percent of general government procurement occurring at the sub-national level, 2011⁽¹⁾ • PPP unit(s) exist at the national (Nat'l) or sub-national (SN) levels • Use of relative and/or absolute value-for-money (VFM) assessments of PPPs • Intergovernmental co-ordination mechanisms impose obligations in regulatory practice 	Yes No data Sub-national Both Yes

Sources: OECD (2013), [Subnational governments in OECD countries: Key data](#); OECD (2013), [OECD Regions at a Glance 2013](#); OECD (2013), [Government at a Glance 2013](#); OECD (2012), Questionnaire: Multi-Level Governance of Public Investment, unpublished; OECD (2010), [Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures](#); OECD (2009), ["Indicators of Regulatory Management Systems, 2009 Report"](#).

GOOD PRACTICE EXAMPLES IN AUSTRALIA

Principle	Good practice examples from different levels of government
Principle 1.	<i>Invest using an integrated strategy tailored to different places and coordinate across sectors</i>
	<p>National cross-sectoral coordination for infrastructure</p> <ul style="list-style-type: none"> • Federal level. Infrastructure Australia was created in 2008. Its main task is the development of a strategic blueprint for future infrastructure investments. Infrastructure Australia identifies investment priorities and the policy and regulatory reforms necessary to enable timely and co-ordinated delivery of national infrastructure investment. It works in partnership with states, territories, local governments and the private sector. It also advises Australian governments on how to manage infrastructure gaps and bottlenecks that hinder economic growth. The recent establishment of Infrastructure Australia is meant to provide advice to governments on nationally significant infrastructure priorities and reforms, on the basis of rigorous cost-benefit analysis. • State level. The establishment in 2011 of Infrastructure New South Wales and the Tasmanian Infrastructure Advisory Body (TIAB) should help identify and prioritise critical public infrastructure at state level. <p><small>Source: OECD (2011) Making the most of public investment in a tight fiscal environment: multi-level governance lessons from the crisis, OECD Publishing, Paris.</small></p>
Principle 2.	<i>Co-ordinate among levels of government</i>
	<p>National/sub-national platform of dialogue</p> <ul style="list-style-type: none"> • The Council of Australian Governments (COAG) is the main forum for the development and implementation of inter-jurisdictional policy. It is composed of the Australian Prime Minister as its chair, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. Through COAG, the federal and sub-national governments have endorsed national guidelines on public-private partnerships, agreed to a national port strategy, and concluded intergovernmental agreements on heavy vehicles, rail and maritime safety. COAG also receives regular reports from Infrastructure Australia, a statutory body established at the federal level to support nationwide infrastructure investment and to advise governments and other investment stakeholders. • In October 2006, the States established a Council for the Australian Federation (CAF), comprising all the State Premiers and Territory Chief Ministers. The CAF aims to facilitate COAG based agreements with the Commonwealth by working towards a common position among the States, as well as common learning and sharing of experience across States. The CAF provides a forum for dialogue between States and Territories and contributes to the COAG reform agenda through sponsoring policy analysis, collecting best practice policies, and contributing to the policy agenda. <p><small>Source: Mizell, L. and D. Allain-Dupré (2013), "Creating Conditions for Effective Public Investment: Sub National Capacities in a Multi-Level Governance Context", OECD Regional Development Working Papers, No. 2013/04; OECD (2011), <i>Review of Regulatory Reform Australia. Towards a Seamless National Economy</i>. OECD Publishing, Paris</small></p>

Principle 3.	<i>Encourage effectiveness through cross-jurisdictional co-ordination</i>
	<p>Coordination across municipalities</p> <p>The Australian Government’s Local Government Reform Fund aimed at encouraging collaboration between local councils in planning for and financing infrastructure needs.</p>
Principle 4.	<i>Use long-term and comprehensive appraisals for investment selection</i>
	<p>Ex-ante appraisals</p> <p>In Victoria, strong ex ante monitoring mechanisms are in place, especially through an innovative High Value/High Risk (HVHR) process used for certain investments. Under the new HVHR introduced 2010, investment projects with a value above a defined threshold or which are deemed to be high risk undergo rigorous scrutiny and approval processes, with increased oversight over various stages of investment development, procurement and delivery. The focus of this new process is to enhance ex ante control, improving the business case for major investments. The business case process also includes the development of performance indicators, creating the basis for monitoring infrastructure performance after implementation. Ex post evaluation has not been extensively used, in particular to evaluate the overall performance of PPPs.</p> <p><small>Source: Bounds, G. (2012), “Public Investment across Levels of Government: The Case of Victoria, Australia”, report presented to the OECD Territorial Development Policy Committee, 4-5 Dec 2012, summarized in OECD (2013), Investing Together: Working Effectively across Levels of Government, OECD Publishing.</small></p>
Principle 5.	<i>Engage public, private and civil society stakeholders throughout the investment cycle</i>
	<p>Involvement of stakeholders: the example of the state of Oregon, US</p> <p>The state of Oregon’s innovation-oriented approach to economic development is informed by key stakeholders. The state has integrated recommendations of the Oregon Business Plan, a business-led initiative that provides economic development recommendations for the state on issues such as innovation, education, economic development, infrastructure and public finance. The Oregon Business Plan hosts the Oregon Cluster Network, which supports groups that are or seek to become a cluster initiative. Oregon Inc. (the Oregon Innovation Council) is a public/private team to identify innovation-driven growth opportunities, maximise the state’s competitive advantages and establish Oregon’s niche in the global economy.</p> <p><small>Source: OECD (2007), Competitive Regional Clusters: National Policy Approaches, OECD Reviews of Regional Innovation, OECD Publishing. doi: 10.1787/9789264031838-en.</small></p>
Principle 6.	<i>Mobilise private actors and innovative financing arrangements to diversify sources of funding and strengthen capacities</i>
	<p>Public Private Partnerships (PPP)</p> <p>Victoria has been a pioneer in PPPs and in the use of other forms of innovative collaboration agreements with the private sector for regional investments. Since PPPs were first used in the state in 2000, they have comprised 10% of infrastructure investment. The state has established Partnership Victoria as a source of standard guidance and policy development for PPPs. One feature of the PPP business case development process is the requirement that each project establish a “Public Sector Comparator” (PSC) – an independently verified cost estimation of the project assuming conventional contracting. The PSC serves as a benchmark for assessing the value for money of the PPP proposal. Alliance contracting is a method of procuring and managing complex investment projects in collaboration with the private sector. It is</p>

	<p>characterised by less-specific obligation and enforcement mechanisms and for this reason it is used particularly when uncertainty makes it difficult to specify “hard” transactional contracts. Alliances are extensively used in Australia but a recent study shows that they are often applied in circumstances where more conventional contracting approaches (less costly) could be more suitable.</p> <p><i>Source: OECD (2013), Investing Together: Working Effectively Across Levels of Government, OECD Publishing, Paris.</i></p>
Principle 7.	<i>Reinforce the capacity of people and institutions throughout the investment cycle</i>
	<p>The Australian New Zealand School of Government (ANZSOG)</p> <p>The Australian New Zealand School of Government (ANZSOG) is unique for its intergovernmental approach to public sector learning. ANZSOG was established in 2002 through the collaboration of major Australian and New Zealand universities and the Governments of the Australian Commonwealth, States and Territories and of New Zealand. Its focus is on educating public-sector leaders, building new public policy research and management capability, and encouraging public-sector innovation. To promote “learning across jurisdictions”, all students come from the public sector of the participating governments. An interactive learning model creates the opportunity for public-sector managers to compare various approaches being tried by other jurisdictions. As participants come from various departments and agencies, they bring comparative knowledge and experience to ANZSOG’s classrooms. Participants work collaboratively on team projects. This encourages knowledge sharing, relationship building and the creation of lasting networks across governments. The school also has an alumni association which facilitates continued networking and information sharing between participants after they have completed their studies.</p> <p><i>Source: OECD (2011), Review of Regulatory Reform Australia. Towards a Seamless National Economy. OECD Publishing, Paris.</i></p>
Principle 8.	<i>Focus on results and promote learning</i>
Principle 9.	<i>Develop a fiscal framework adapted to the objectives pursued</i>
	<p>Intergovernmental Agreement on Federal Financial Relations</p> <p>In 2008, the COAG agreed to a new Intergovernmental Agreement on Federal Financial Relations (IGA). This agreement increased the financial autonomy of the states, moving from input control to the monitoring of outputs, and rationalising the payments made to the state into five broad areas (health, affordable housing, early childhood and schools, vocational education and training, and disability services). Each of these payment areas are funded by a special purpose payment (SPP), distributed to the states on an equal per capita basis (there is no need to adapt the amounts to the needs and costs of each state, as this is done by the Commonwealth Grants Commission). For each of these payment areas, a mutually agreed National Agreement clarifies the roles and responsibilities that will guide the Commonwealth and the states in the delivery of services across the relevant sectors and covers the objectives, outcomes, outputs and performance indicators for each SPP. The performance of all governments in achieving mutually agreed outcomes and benchmarks specified in each SPP is then monitored by the independent COAG Reform Council (CRC) and publicly reported on an annual basis.</p> <p><i>Source: OECD (2011), Review of Regulatory Reform Australia. Towards a Seamless National Economy. OECD Publishing, Paris.</i></p>
Principle 10.	<i>Require sound and transparent financial management</i>

Principle 11.	<i>Promote transparency and smart use of public procurement at all levels of government</i>
	<p>E-procurement</p> <ul style="list-style-type: none"> In the United States efforts are undertaken to develop the necessary capacities of the acquisition workforce to limit over-reliance on contractors. The e-procurement system for federal public procurement in the United States brings together nine distinct systems to provide an integrated interface for users. <p><i>Source: OECD (2013), Implementing the OECD Principles for Integrity in Public Procurement. Progress since 2008.</i></p>
Principle 12.	<i>Pursue high-quality and coherent regulation across levels of government</i>
	<p>Regulatory Impact Assessments at the state level</p> <p>Through the Council of Australian Governments (COAG), governments agreed to revise their Regulatory Impact Assessments (RIA) procedures to consider for new regulatory initiatives whether an existing regulatory model outside their jurisdiction would efficiently address the policy issue in question and whether a nationally uniform, harmonised or jurisdiction-specific model would be best for the community. This involves a consideration of: the potential for regulatory competition, innovation and dynamism; the relative costs of the alternative models in use, including regulatory burdens and any transition costs; whether the regulatory issue is state-specific or national, and whether there are substantial differences that may require jurisdiction-specific responses.</p> <p><i>Source: OECD (2011), Review of Regulatory Reform Australia. Towards a Seamless National Economy. OECD Publishing, Paris.</i></p>

Areas of focus of recent/current/planned reforms (national level)

Please mention whether your country has recently conducted or is currently conducting reform(s) in the field of governance of public investment across levels of government (territorial reforms, fiscal reforms, capacity building initiatives, performance monitoring, procurement reforms, reforms linked to PPPs or innovative financing arrangements, etc.). You may provide explanations in the box below (or just briefly mention which of the 12 OECD Principles are currently high on your government agenda).