

New Zealand, US and UK outrank Australia in scores on budget transparency

Written by Miranda Stewart, Professor and Director, Tax and Transfer Policy Institute, Crawford School of Public Policy, Australian National University

Australia ranks 12th in the Open Budget Index, and scores 74, much higher than the global average of 42 and the OECD average of 68. But Australia's budget could still be more transparent if it included more on the budget's impact on welfare and tax and by gender.

The Open Budget Index is published every two years and ranks countries using a transparency score, which is based on a survey for each country about publishing of budget documents, budget oversight and public participation.

This year, there were 115 countries in the index and Australia was included for the first time. Australia ranks behind our neighbours New Zealand and also behind the United States, United Kingdom and France. The top three countries in the index are New Zealand (with a score of 89), South Africa (89) and Sweden (87).

Each country's survey for the index is prepared independently by an in-country civil society organisation or academic researcher. Applying standardised questions and based on evidence, researchers at the Tax and Transfer Policy Institute conducted the [Australian survey](#). The assessments are also [reviewed anonymously](#).

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How transparent is the Australian budget?

The survey assessed Australian federal budget process for the 2015-2016 year and the first half of the 2016-2017 year. Australia's government performs well in publishing most budget documents at different points in the budget process.

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The budget documents include: [Budget Paper No. 1](#) (with a score of 87), the [Mid-Year Economic and Fiscal Outlook \(MYEFO\) report](#) (with a score 93) and the [The Auditor-General annual report](#) (81). The government reformed these documents in the 1990s with the introduction of the [Charter of Budget Honesty](#)

Where the Australian budget falls down is in engaging the public in the budget process. The index evaluates public participation with 18 indicators. Australia's weakest score is in budget participation (41 out of 100). This indicates limited opportunities for the public to engage in the budget process.

For example the Australia government doesn't publish a pre-budget statement and publishes less information in [the budget that has been approved by the parliament](#) and the [government summary of the budget](#) (a simpler and less technical version of the government's budget proposal and other budget documents). Australia also lags behind New Zealand in transparency of most reports.

Yet, given participation opportunities are much scarcer in most other countries in the world, Australia is in fact one of the top performers on this measure. Almost all countries have only scant opportunities for public participation (score 40 and below), except New Zealand, the United Kingdom, Australia and the Philippines.

Where Australia scores really well is in its budget oversight by the Australian National Audit Office (a score of 100). But Australia presents a mixed picture on the checks and balances in overseeing the budget. The parliament provides adequate oversight at the executive and audit stage (that gets a score of 67); but limited oversight at the formulation and approval stage for the budget (with a score of 48). Overall, Australia gets a score of 70 out of 100, lagging considerably behind Norway (91) and Germany (89).

The main barrier to improving this is the lack of pre-budget debate by the parliament. Budget Paper No. 1 is given to members of parliament less than two months before the start of the budget year, and in-year budget implementation is not examined by a parliamentary committee.

Room for improvement

It's crucial that budget processes are fair, open, democratic and accountable. Australia performs well generally on budget transparency – as we should expect as citizens in a robust parliamentary democracy. But there is some room for improvement.

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For example, Australia's budget contains much less information than in the past about distributional effects of budget policy on taxes and welfare. The government is no longer providing "cameo" tables, which show the projected impact in the real disposal incomes of different hypothetical families, as it did in the previous budgets prior to 2014-15.

The Australian budget also does not contain any analysis of the budget by gender. This is in contrast to the 1980s, during that time Australia was the pioneer in introducing gender budget analysis.

These gaps show us why it's important for us to keep an eye on transparency. We should not be complacent. We need more public reporting, analysis and opportunities for public participation in the budget process.

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