



Accountability Deficit: the \$1.4 billion funding cut of accountability institutions

Briefing paper

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Background

The integrity of key institutions safeguards Australia's democracy by upholding accountability, open government, just laws and impartial dispute resolution.

These institutions are important not only because they ensure actual accountability, transparency and good governance, but because they build confidence and trust within the Australian community. When this confidence and trust is diminished, divisiveness and conflict increase. This impacts social cohesiveness and the economy, and the welfare of all Australians suffers. Ultimately, as international experience has shown, it is a threat to democracy itself.

Over recent years key integrity institutions have come under sustained pressure. While attacks on integrity institutions come in many forms, cuts to their resourcing are a principal form of attack. These can be easy to spot, in the case of the cut experienced by the ANAO between 2018-19 and 2019-20, or more insidious, in the case of cuts similar to those recently experienced by the ABC, where a government may point to an increase on paper that in fact obfuscates a loss in real terms.

An analysis of budget data from the past decade shows the funding of accountability organisations has fallen dramatically. Not only has the total budget allocated to accountability organisations fallen as a percentage of the overall budget, the funding shortfalls become particularly stark once inflation and increases in the workloads of many accountability agencies are taken into account.

Vital organisations such as the Auditor-General, the Office of the Australian Information Commissioner, and the Australian Bureau of Statistics, have been unable perform their core statutory functions leading to delays and missing key performance targets.

Taken in conjunction with the failure to follow through on the Morrison Government's 2018 promise to create a National Integrity Commission, this systemic under-funding has created an accountability deficit, with major gaps in Australia's integrity regime.

Summary

- \$1.4 billion has been cut from total accountability institutions' funding in real terms since 2010-11.
- The percentage of budget allocation to accountability institutions has dropped from 1.14% in 2010-11 to 0.6 in 2019-20.

- The Auditor-General is seriously under-resourced, a situation that has grown steadily worse since 2016-17. \$23.7 million has been cut since 2016-17, taking into account inflation.
- The Office of the Australian Information Commissioner's resourcing has not kept pace with the 13% increase in the number of FOI requests received across Australian Government agencies since 2017.
- The ABS reported a \$46.2 million loss in 2018-19, and suffered a 30% reduction in operational funding over the past decade

Australian Bureau of Statistics

The Australian Bureau of Statistics provides vital data and manages Australia's census. The ability of the ABS to provide high quality information and analysis has been substantially impaired by reductions in operational funding, leading to a need to outsource vital functions.

This problem contributed directly to the 2016 "census-fail", ¹when the ABS's online systems crashed, potentially comprising the quality of the data gathered. In the lead-up to the 2016 census it was clear that the ABS was struggling in the face of budget cuts.²

When David Kalisch released the ABS's 2018-19 Annual Report he noted:

- the agency had recorded a \$46.2 million loss, and that the ABS had suffered a 30% reduction in operational funding over the past decade.⁴
- In 2018-19 the agency received \$330 million in direct funding, \$24 million less than it received in 2010-11.⁵
- Over the same period, it has cut its workforce by 600 people or by almost 20 per cent.⁶

As Mr Kalisch noted, these cuts came as demand for the ABS's data and statistics has grown along with technological advances.⁷⁸

Australian Broadcasting Corporation

The ABC is Australia's most trusted news source. It is our only fully-funded public broadcaster, which means that it provides news that is independent of any corporate

¹ IT News, 2016, *ABS handed more cash for census*, <https://www.itnews.com.au/news/abs-handed-more-cash-for-census-523288>

² ABC, 2014, *ABS staff say data undermined by funding cuts*, <https://www.abc.net.au/news/2014-10-09/abs-staff-say-data-undermined-by-funding-cuts/5801844?nw=0>

³ Ibid.

⁴ SMH, 2019, *ABS boss slams a decade of funding cuts*, <https://www.smh.com.au/politics/federal/abs-boss-slams-a-decade-of-funding-cuts-warns-key-data-is-at-risk-20191015-p530xw.html>

⁵ Ibid

⁶ Ibid

⁷ Canberra Times, 2019, *ABS boss sounds warning on funding*, <https://www.canberratimes.com.au/story/6437810/abs-boss-sounds-warning-on-funding/>

⁸ In Daily, 2019, *Economic data at risk from budget cuts to ABS*, <https://indaily.com.au/news/2019/10/16/economic-data-at-risk-from-budget-cuts-abs/>

interests. Trusted independent media is critical for the public to be able to hold government to account.

The ABC has faced ongoing funding cuts and political attacks. In 2014 a \$254 million budget cut resulted in 400 jobs being lost, and 2017 funding cuts resulted in the loss of another 200 staff.⁹ An indexation freeze in the 2018 budget led to \$83.8 million in cuts. The accumulation of funding cuts since 2014 will lead to the ABC losing \$783 million by 2022.¹⁰

Australian National Audit Office

The Australian National Audit Office's (ANAO) purpose is to improve public sector performance and support accountability and transparency in the Australian Government sector through independent reporting to Parliament, the Executive and the public.

The ANAO has been highly visible in the past year, with its audit of the Community Sports Infrastructure revealing more than 40% of recipients were ineligible when they received funding,¹¹ and its audit of the 'Leppington Triangle' land purchase revealing that the Department of Infrastructure paid ten times the fair price for land for Sydney's second international airport.¹²

While these stories received significant media attention and revealed major issues with how public funds were being spent, the ANAO is facing some of the largest cuts in its history.

These cuts began in 2016-2017 when the ANAO's budget was \$115,742,000 in 2016-17, compared to \$98,474,000 in 2019-2020.¹³ This amounts to a \$17 million reduction – or \$23.7 million taking into account inflation.

These cuts to the ANAO's budget contrast with the trend between 2010-11 and 2016-17, when the agency's budget was steadily increasing.

⁹ Meade, 2017, ABC to lose 200 jobs in latest funding cut, The Guardian 7th March 2017, <https://www.theguardian.com/media/2017/mar/07/abc-to-lose-200-jobs-by-june-in-latest-round-of-cuts>; and Meade, 2014, ABC cuts: 400 jobs, radio budget slashed and property sold off, The Guardian 24th November 2014, <https://www.theguardian.com/media/2014/nov/24/abc-cuts-400-jobs-lost-radio-budget-slashed-andproperty-sold-off>

¹⁰ Wake, 2019, The ABC didn't receive a reprieve in the budget – it is still facing staggering cuts, The Conversation, 9th April 2019, <http://theconversation.com/the-abc-didnt-receive-a-reprieve-in-the-budget-itsstill-facing-staggering-cuts-114922>

¹¹ SMH, 2020, *More than 40% of sports rorts projects were ineligible*, <https://www.smh.com.au/politics/federal/more-than-40-per-cent-of-sports-rorts-projects-were-ineligible-20200213-p540n9.html>

¹² The Guardian, 2020, *Government paid ten times too much for land at Western Sydney airport*, <https://www.theguardian.com/australia-news/2020/sep/21/government-paid-10-times-too-much-for-land-at-western-sydney-airport-to-be-used-after-2050>

¹³ The Centre for Public Integrity, 2019, *Protecting the Integrity of Accountability Institutions* <https://publicintegrity.org.au/wp-content/uploads/2019/10/Report-Protecting-the-integrity-of-accountability-institutions.pdf>

Funding shortfalls have led to the ANAO reporting a deficit for three consecutive years, and in 2019-2020 the ANAO missed its target of 48 performance audits, completing just 42 reports.¹⁴

Office of the Australian Information Commissioner

The Office of the Australia Information Commissioner is an independent regulator for privacy and freedom of information. It has faced major challenges in the face of under-resourcing, an enormous increase in workload, and problematic – sometimes illegal – behaviour, on the part of agencies and Ministerial officers seeking to avoid releasing material under FOI applications.

Since major budget cuts were made by the Abbott Government in 2013, which left to OAIC with around two-thirds of the 100 staff required to perform its work¹⁵ the OAIC has lacked the staff to properly perform its role.

This under-resourcing becomes even more apparent once increases to the agency's workload are considered. According to the OAIC's 2018-19 Annual Report:

- 3,306 privacy complaints were received, an increase of 12% compared to 2017-18.
- Complaints were resolved in an average time of 4.4 months.¹⁶
- The number of FOI requests received across Australian Government agencies increased by 13% from 34,438 in 2017–18 to 38,879 in 2018–19.¹⁷

The scope of the OAIC's work has increased partly due to an increasing trend of Departments refusing FOI requests. In 2019 the Australian Information Commissioner, Angelene Falk, indicated to the Senate's Legislation Committee that investigations into Freedom of Information rejections by Departments had "risen by more than 80 per cent" in the past four years. Furthermore,

- FOI enquiries increased by 49% to 2,881 compared to 2017-18;¹⁸
- Applications to review decisions rose by 16%;¹⁹
- Only 73% of reviews were completed within 12 months;²⁰

¹⁴ The Canberra Times, 2020, *Auditor General warns government scrutiny will drop without funding certainty*, <https://www.canberratimes.com.au/story/6946967/auditor-general-warns-government-scrutiny-will-drop-without-funding-certainty/?cs=14263>

¹⁵ The Guardian, 2019, *How a flawed freedom of information system keeps Australians in the dark*, <https://www.theguardian.com/australia-news/2019/jan/02/how-a-flawed-freedom-of-information-regime-keeps-australians-in-the-dark>

¹⁶ OAIC, 2019, *Annual Report 2018-19*, <https://www.oaic.gov.au/assets/about-us/our-corporate-information/annual-reports/oaic-annual-reports/annual-report-2018-19/oaic-annual-report-2018-19.pdf>

¹⁷ Ibid, Pg 91

¹⁸Ibid, Pg 15

¹⁹Ibid.

²⁰ News.com.au, 2019, *Australians face long waits for government documents as FOI system struggles*, <https://www.news.com.au/national/australians-face-long-waits-for-government->

- The average time take to close FOI complaints in 2018-19 was 7.2 months compared to an average of 5.8 months in 2017-18²¹

The Commissioner indicated she needed a 50% increase in FOI case officers to prevent delays from becoming worse.²²

Conclusion

It is clear that Australia's key accountability institutions are facing attack in the form of cuts to their resourcing, compromising their ability to continue to perform their critically important work. We note that the importance of the work of their work is further heightened by the Government's unprecedented, rapidly-deployed spending in response to COVID-19.

We therefore urge the Government to commit to guaranteeing these institutions sufficient funding to fulfil their statutory functions, and to ensuring that their ability to perform their critical role within Australia's democracy is not compromised.

About The Centre for Public Integrity

The Centre for Public Integrity is an independent think tank dedicated to preventing corruption, protecting the integrity of our accountability institutions, and eliminating undue influence of money in politics in Australia. Board members of the Centre are the Hon Tony Fitzgerald AC QC, the Hon David Ipp AO QC, the Hon Stephen Charles AO QC, the Hon Anthony Whealy QC, Professor George Williams AO, Professor Joo Cheong Tham and Geoffrey Watson SC. More information at www.publicintegrity.org.au.

documents-as-freedom-of-information-system-struggles/news-story/1a656f281ffffcdf44df18f3533dc76f

²¹OAIC, 2019, *Annual Report 2018-19*, pg 15, <https://www.oaic.gov.au/assets/about-us/our-corporate-information/annual-reports/oaic-annual-reports/annual-report-2018-19/oaic-annual-report-2018-19.pdf>

²² News.com.au, 2019, *Australians face long waits for government documents as FOI system struggles*, <https://www.news.com.au/national/australians-face-long-waits-for-government-documents-as-freedom-of-information-system-struggles/news-story/1a656f281ffffcdf44df18f3533dc76f>

Appendix: Budget allocation to accountability institutions

	Total funding of accountability institutions	Total budget	Percentage of budget spent on accountability institutions	Real terms based on 2019 value
<u>2010-11</u>	<u>4,068,033,000</u>	356,084,000,000	1.14	\$4,873,385,006
2011-12	3,258,994,000	377,220,000,000	0.86	
2012-13	3,148,142,000	382,397,000,000	0.82	
2013-14	4,251,957,000	414,500,000,000	1.03	
2014-15	3,840,777,000	417,514,000,000	0.92	
2015-16	3,337,087,000	428,691,000,000	0.78	
2016-17	3,588,301,000	447,807,000,000	0.8	
2017-18	3,235,563,000	460,282,000,000	0.7	
2018-19	3,634,283,000	484,653,000,000	0.75	
2019-20	3,465,533,000	578,549,000,000	0.6	\$3,465,533,000
		Funding cuts	0.51	\$1,407,852,006

Sources: Portfolio Budget Statements 2010-2020 for the ANAO, CSIRO, AEC, ABC, ABS, ASIC, OAIC, Fairwork Commission, Ombudsman, Human Rights Commission, Australian Law Reform Commission