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Stop the Bloat: Delivering a more efficient and effective Government

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Executive summary

Inefficiency and waste in the Commonwealth Government imposes significant costs on all Australians. Excessive red and green tape is driving up costs for businesses, holding back economic growth and productivity. The effectiveness of government services is being reduced by a bloated, Canberra-centric public service and waste across grant programs, leading to higher deficits that put upwards pressure on inflation.

There is considerable scope to improve the efficiency and effectiveness of the Commonwealth Government to lower costs for business, reduce wasteful spending, and deliver better services for all Australians. Consider a business the same size as the Commonwealth Government, a business with \$730 billion in expenses a year that employs 360,000 staff. Without doubt, a business of this size would need to focus significant, ongoing efforts on reducing waste to remain efficient and competitive. Over time, some expenditure and staff would no longer be necessary or could be reprioritised.

While there has been much coverage of the Trump administration’s approach to waste and inefficiency in Government, the approach of the UK Labour Government shows this is a bipartisan concern. In a recent speech addressing “fundamental reform of the British state”, UK PM Keir Starmer decried the impact of Government waste, asking *“Do you see good value everywhere? Because I don’t”*. Starmer argued that *“democratic accountability is [being] swept under a regulatory carpet”* and that *“we’ve created a watchdog state”* where *“politicians ... hide behind a vast array of quangos, arms-length bodies and regulators ... a cottage industry of checkers and blockers”*. He committed to *“send teams into every government department with a clear mission from me to make the state more innovative and efficient”*.

Australian voters also understand this – recent research showed that there is significant support for cutting waste from the public service; 51% of voters support this and only 19% oppose (+32 ppts).¹

Addressing inefficiency and waste requires considered and concerted ongoing action and strong accountability mechanisms. This report puts forward what should be uncontroversial recommendations for the Government to achieve this. These recommendations fall into three categories: cutting red tape and regulation, reducing wasteful spending, and improving Government efficiency. One-off cuts to wasteful spending do little to change the dynamic. We need to change attitudes and systems in Canberra to achieve efficient Government over the long term.

UK Prime Minister Keir Starmer on government reform

“Do you see good value everywhere? Because I don’t.”

“I’m going to send teams into every government department with a clear mission from me to make the state more innovative and efficient.”

Source: gov.uk

¹ [Election 2025: Trump policies Australians support and spurn](#)

A culture that doesn’t reward efficiency

For many Australians and businesses engaging with Government, the experience is one of interacting with a maze of unwieldy processes and systems that were designed in Canberra, rather than with human beings who react to their individual circumstances. This is because the culture within Government has become one focussed too heavily on designing processes and regulations. This constraining culture inhibits innovation and prevents the public service and Government from dynamically reacting to change and achieving good outcomes.

This culture results in an inward looking, Canberra-centric public service and Government that is not accountable or innovative. This is why dealing with Government so often feels like running up against a brick wall. The red tape holding back business, waste in grant programs and services such as the NDIS, and poor service delivery don’t seem to be anyone’s fault. As long as these outcomes are the result of an existing system or process decided by someone else, it is assumed that the system works. No one is actually responsible or accountable for responding when poor outcomes occur and changing policy and processes in response. All too often, changes to improve efficiency do not occur until they are forced on Government by negative media attention, when problems could have been addressed earlier if the right culture and systems had been in place.

The result

The result of this culture is an incentive structure for public servants that rewards more red tape and does not impose consequences for wasteful spending. This becomes self-fulfilling: regulations exist because they existed before; grant programs continue because someone decided to establish them previously; and public servants cannot respond to individual circumstances because the rules or regulations governing their actions have already been determined. Essentially, the Government is left to run itself (poorly) on the basis of decisions no one made.

When it comes to **red tape**, regulators and public servants have little to no incentive to proactively question or reduce regulation without being directed to do so, since there are limited risks in leaving existing rules in place. There is certainly no incentive or regular mechanism for a public servant to recommend abolishing the regulation that their job depends on. In contrast, it is easier to respond to calls for additional regulations (and new jobs to enforce them) to protect from apparent new risks, particularly in areas such as AI. This incentive structure needs to be flipped on its head.

The incentive structure for public servants delivering external **grant programs** is similar. Once a grant program is established, the job of public servants is to approve grants totalling the agreed amount of funding, and get those grants to the recipients as soon as possible. There is little incentive to provide feedback to Ministers on whether all grants are delivering value for money for taxpayers or actually achieving the objectives of the program. It might not even be clear what the ideal objectives or outcomes are meant to be. Even if Ministers or public service executives were to request this information, there may not be systems in place to gather it. As a result, we end up with outcomes such as recently occurred in the Government’s flagship disaster mitigation grant program.² Funds that were meant to reduce the impact of disasters were spent on thermal-backed curtains for Canberra homes, investigating a Willow tree infestation in Hobart river systems, and vaguely related mental health programs. Such an outcome should not be possible where a grant program has clearly defined objectives and a strong feedback loop between the public service and Ministers.

2 The Disaster Ready Fund.

The broader **efficiency of Government** is held back by the same culture. When Ministers propose new programs or ideas, there is a strong incentive for their department to request new personnel and resources to deliver them, even if it is a core responsibility that could be performed within existing resources.³ Once a program exists, there is little incentive for public servants to move beyond the scope of their job and identify whether it could be delivered more efficiently or whether duplication exists within or between Government agencies, let alone proactively provide this information to Ministers. Why would someone risk a recommendation that their job is redundant or ask to have their resources reduced? Over time, this can lead to significant inefficiency and a lack of innovation, exacerbating the issues identified above regarding regulation and external grants. This is especially true given the rapid growth in some major areas of Government spending in the last 15 years, far exceeding population growth and inflation (Table 1). This issue is compounded even further when considering the interactions between multiple levels of government, such as the tens of billions of dollars provided to state governments annually, often with almost no strings attached.

Table 1: Growth in major Government expenses

Government expense function	(\$m) 2009-10*	(\$m) 2024-25	Increase
Defence	20,620	47,986	132.7%
Health	52,786	112,693	113.5%
Social security and welfare	109,675	266,693	143.2%
Fuel and energy	8,971	20,121	124.3%
Transport and communications	6,837	16,769	145.3%
Population**	21,691,700	27,204,800	25.4%
Inflation***			48.5%

* 2009-10 is the earliest year in which comparable data to 2024-25 is available

** Figures from June 2009 and June 2024

*** Growth from calendar year 2009 to 2024

Source: Budget papers

What needs to change

The recommendations in this report are aimed at reversing the incentive structure outlined above that inhibits effective and efficient Government. While the problem is complex, the underlying cause is straightforward: **no one has an incentive to reduce waste or make Government more efficient because no one is responsible or accountable for making it happen.**

Making someone accountable for the decisions needed to improve the effectiveness and efficiency of Government means they first need to be **empowered to make these decisions**. As such, the key recommendations of this report are simple – the Government must put someone, ideally a Minister, in charge of red tape reduction, stopping waste and delivering a more efficient Government. Doing so is a **necessary first step to restoring accountability to decision making** so that the Government can better serve Australians. While these issues are clearly interrelated, the job is of sufficient complexity that responsibility should initially be divided between multiple Ministers who work together within Central portfolios (Prime Minister & Cabinet, Treasury and Finance).

3 The author saw this first hand throughout years of work on Commonwealth Budgets.

Empowering decision makers will enable better leadership. We should expect our public sector leaders to clearly understand and articulate the intended purpose of regulations, grant programs and government services. Without this guidance, how can we expect public servants to know if a Government action is successful, or even what information to seek out and take into account when delivering Government programs? Stronger leadership will enable and incentivise public servants to establish better communications channels back to public sector executives and Ministers who are actually empowered to take decisions to rectify problems. Done well, this will create a self-regulating and self-improving system that benefits all Australians.

Appointing these decision makers is only a first step. We also make additional recommendations to support a more efficient Government. These include:

- an immediate red tape removal strategy in priority areas;
- requirements for ongoing deregulation across Government;
- stronger Ministerial oversight of external grant expenditure;
- an audit of recent grant outcomes and more ongoing transparency regarding grant recipients and outcomes;
- a minimum six month hiring freeze across the public service (with some exceptions such as graduate programs and others requiring Ministerial approval) and an audit of the staffing composition of Government departments and agencies, focusing on those with rapid growth in the last three years;
- benchmarking of the staffing level required to deliver government services and grant programs across different parts of Government;
- shared research with the states and territories on best efficient government practices across major areas of shared funding;
- greater adoption of AI and improved access to Government data.

Recommendations

Cutting red tape and regulation

- Appoint a Minister to be responsible for red tape reduction and deregulation, within a central portfolio such as Treasury.
- Establish a well-resourced Taskforce that is empowered to investigate and recommend the removal of red tape in priority areas set by the Treasurer and Minister for Deregulation.
 - The Taskforce should be separate to the Treasury Department, jointly led by individuals with substantial experience both within Government and outside Government, and include seconded staff from Treasury, relevant departments and the private sector.
 - The priority areas to examine with the highest net benefits are likely to include small business (including consolidating the multiple definitions of small business), energy, and major projects and construction.

Ongoing deregulation

- Require that all new regulations are offset by removal of an existing regulatory burden on at least a 1:1 basis, aspiring to a 2:1 basis, with no exemption for ‘new’ regulatory areas such as AI. This could be measured flexibly by either number of regulations or the dollar impact of reduced regulatory burden. Offsets should be flexible enough to include instances where an existing regulation is improved or simplified but not removed.
- Set a minimum quota of regular red tape reductions in all areas of Government.

Reducing waste

Oversight and accountability

- Appoint a Minister within a Central portfolio (Prime Minister & Cabinet, Treasury or Finance) responsible for continually reviewing the effectiveness of grant programs and the potential for waste.
- Ensure Ministerial oversight of all grant expenditure within their portfolio, including the right of veto over proposed grants within competitive programs such as Australian Research Council grants.

External grants

- Increase transparency regarding grants made under programs involving more than \$100 million in expenditure per year. This should include making public details provided by the recipient as part of any application process (i.e. not just a short summary) and publishing project outcomes upon completion, including whether funding objectives were met and any cost overruns.
- Conduct an audit of all grant programs over the past three years to identify examples of waste and review the purpose of these programs. In programs with significant examples of waste, the audit should examine necessary changes to grant guidelines, approval processes, reporting lines and accountability of decision makers, and Ministerial responsibility.

Improving Government efficiency

Oversight, accountability and waste

- Appoint a Minister within the Prime Minister & Cabinet portfolio responsible for continually reviewing the efficiency of the public service, with a focus on duplication, the delivery of government services and wasteful spending outside of external grant programs. This Minister should be supported by a permanent team within the Department of Prime Minister & Cabinet.
- Enact a minimum six month hiring freeze across the public service (with some exemptions such as new graduates) to allow for an audit of the staffing composition of Government departments and agencies, prioritising those which have had the fastest rate of growth in the past three years. Other exemptions, such as for the security services and frontline workers would require Ministerial approval.

Service delivery

- Undertake benchmarking of the staffing level required to deliver government services and grant programs and publish this information for all departments and agencies. All programs should be required to meet efficient benchmarks within 12 months unless they are able to justify the need for additional staffing.
- The Commonwealth should work with states to replicate a similar shared research model to the new Australian Education Research Organisation (AERO) in other areas of government services that receive substantial Commonwealth funding, such as health and hospitals, and infrastructure. Among other areas, these research institutes could be tasked with researching and vetting the most effective uses of digital technologies such as AI, something the Productivity Commission has already recommended AERO be tasked with.

Technology and AI

- Drive adoption of successful AI use-cases that improve productivity and service delivery across the Commonwealth public service, including learning from overseas jurisdictions such as the UK.
- Monitor best-practice use of AI in public service provision and disseminate these practices to state and territory governments, especially in areas with substantial Commonwealth funding such as health and education.
- Significantly uplift accessibility and access to public sector data and make this a requirement of state funding agreements.

Complexity of Government and red tape

Red tape stifles economic growth by increasing costs for businesses and by inhibiting or entirely preventing certain activities. Excessive red tape and poorly designed regulations reduce business dynamism and slow the formation of new businesses. While some regulations are of course necessary, the constant flow of new regulation and changing technology and business practices means there will **always** be a stock of regulations that can be safely removed or improved to lower costs for businesses and enhance productivity.

This is because the incentive structure for government officials leans heavily towards rewarding more regulation, not less. Regulators and government departments have little to no incentive to proactively reduce regulation without being directed to do so, since there are limited risks in leaving existing rules in place. For example, despite the previous Government drafting a Bill⁴ that would have amended 18 Commonwealth Acts to streamline processes and reduce regulatory imposts, the current Government never bothered to reintroduce it. In contrast, it is easier to respond to calls for new regulations to protect from apparent risks, particularly in new areas such as AI. This incentive structure needs to be flipped on its head.

The culture of Government also needs to change. For many Australians and businesses engaging with Government, the experience is one of interacting with a maze of unwieldy processes and systems, rather than with human beings who react to their individual circumstances. The culture within Government has become one focussed on designing processes and regulations, rather than thinking holistically about the intended outcomes and best way to flexibly achieve them.

In the UK, Labor PM Keir Starmer has identified a similar culture, decrying the fact that while public servants want to serve their country, Government instead takes that energy and ***“misdirect[s] it into blocking”*** and creating ***“a watchdog state - completely out of whack with the priorities of the British people”*** and a ***culture where “democratic accountability is swept under a regulatory carpet”***.

Red tape goes beyond legislated regulations and includes other instruments such as determinations, guidelines and codes of practice. In one recent example, the Department of Education created such a red-tape laden process for childcare operators to apply for grants meant to support wage increases, that the vast majority of small businesses in the sector were unable to access those funds.⁵ The process by which this program was designed clearly did not adequately consider the impact on businesses, nor have an accountable decision-maker who was empowered to quickly react and fix problems identified by affected businesses.

“We’ve created a watchdog state - completely out of whack with the priorities of the British people.” - Keir Starmer

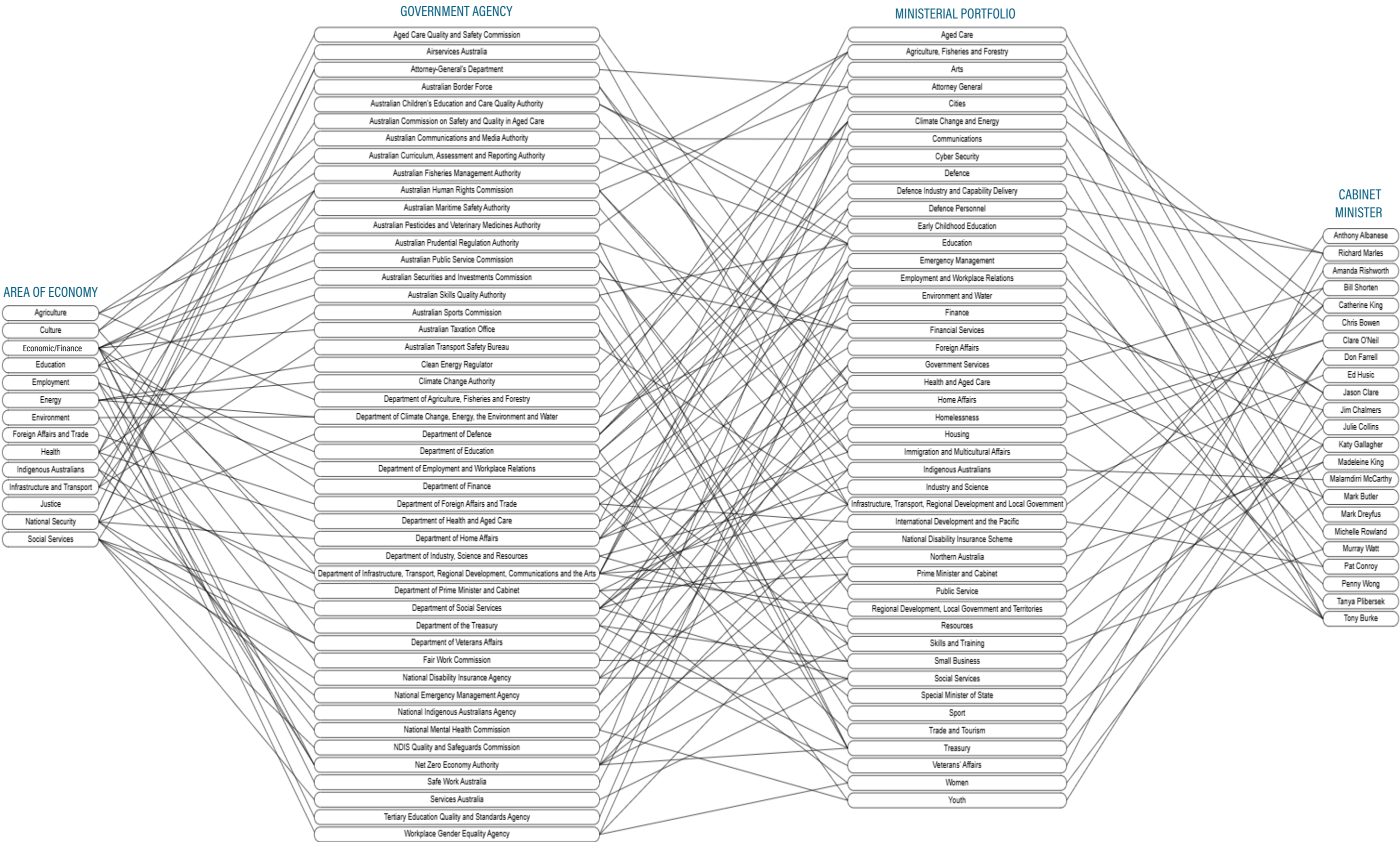
Previous attempts to incentivise red tape reduction across Government have had some success, but did not go far enough. For example, the Abbott Government committed to holding two ‘red tape repeal days’ per year to achieve \$1 billion in annual red tape reductions, effectively requiring officials and Ministers to establish a process to deliver these reductions. Despite this, and numerous other concerted efforts by multiple administrations, clear examples of unnecessary red tape were being identified years later. In one example in 2019, former Morrison Government Minister Ben Morton, tasked with delivering deregulation, found that food exporters in Tasmania had to wait for approved permits to be mailed to them or travel to Melbourne to

⁴ The Regulator Performance Omnibus Bill 2022

⁵ [Childcare pay rise in doubt as daycare centres struggle to apply for ECEC Worker Retention Payment Grant | The Australian](#)

Figure 1 - The complex web of Government agencies and portfolios*

*As at December 2024



collect them in person before their goods could be exported (since rectified so they can receive them digitally).⁶ How this requirement was not identified by government officials when they were previously directed to find examples of red tape to remove is mind-boggling. There are doubtless countless more such examples.

One way to visualise the poor incentive structures driving Australia’s red tape problem is to map the relationships between Cabinet Ministers, their portfolios, key Government departments and agencies, and overarching policy areas. Figure 1 (pp 8-9) shows an unwieldy and complex series of overlapping responsibilities and relationships that the average business or citizen cannot easily understand or navigate — and this is without including a multitude of other smaller agencies, non-Cabinet Ministers or state and local governments. Faced with such an impenetrable web, few businesses have the time or sophistication to successfully argue for removal of unnecessary red tape, let alone prevent new red tape from being dreamt up.

What should we do?

The experience of former Minister Morton provides an important lesson on how to deliver red tape reductions across Government when faced with the complexities of Government in Figure 1. There must be someone with ongoing responsibility for this important task who has the resources of a permanent team linked to a central department such as Treasury or Prime Minister & Cabinet. This person must be empowered to recommend and drive changes across Government to reduce red tape. They must also create stronger feedback mechanisms to communicate problems to public service leaders and Ministers. The alternative — where every Minister is indirectly expected to deliver red tape reductions without central coordination and leadership — means that no one is accountable and regulatory inertia can be expected to continue.

To provide the impetus to reverse the regulatory instincts of the public service, the Government should appoint a Minister in the Treasury portfolio who is responsible for red tape reduction and deregulation. The Government should also establish a standalone, well-resourced Taskforce that is empowered to investigate and recommend the removal of red tape in priority areas set by the Treasurer and this new Minister. The priority areas with the highest net-benefits to examine are likely to include small business (including consolidating the multiple definitions of small business), energy, and major projects and construction (including establishing a “one-touch” regime for major projects accrediting states to conduct environmental approvals). The Taskforce should invite and accept ideas from the private sector. The remit of this Taskforce should also include duplication between different levels of Government.

This Taskforce should be jointly led by individuals with substantial experience both within and outside Government, and include seconded staff from Treasury, relevant departments and the private sector. The Taskforce should be empowered to act immediately to recommend strong regulatory measures within six months, with the onus on those responsible for red tape to justify why recommended deregulatory measures should not go ahead.

In addition to having a Minister solely responsible for deregulation, the Government should impose a requirement that all new regulations are offset by removal of an existing regulation, with no exemption for ‘new’ regulatory areas such as AI. This could be measured flexibly by either number of regulations or the dollar impact of reduced regulatory burden. Offsets should occur on at least a 1:1 basis — ideally aspiring to a 2:1 rule so as to achieve a net reduction in red tape. They should be flexible enough to include instances where an existing regulation is improved or simplified but not removed, as occurred with the food exporter example above.⁷ The Government could nominate higher-value priority areas (such as AI) where removal would most enhance productivity, to incentivise red tape reductions targeting these areas. It should also allow

⁶ [p2019-37103_0.pdf \(treasury.gov.au\)](#)

⁷ Other examples could include reducing the frequency of registrations, aligning reporting requirements across portfolios or jurisdictions, lowering direct fees/costs, or presuming approval of low-risk activities.

departments/Ministers to identify unnecessary regulations in other portfolios (including Commonwealth-state overlaps and duplication) for removal. A minimum quota of regular reductions should be set in all areas of government to eliminate the incentive to hold back red tape reductions for future offsets, and consideration should be given to reinstating the ‘red tape repeal day’ process established under the Abbott Government.⁸

“Democratic accountability is swept under a regulatory carpet.” - Keir Starmer

Government grants

Most Australians would be surprised to learn the scale of grant funding programs run by the Commonwealth Government. These grants can range in size from thousands to billions of dollars, covering areas as diverse as university research, foreign aid, sporting facilities and highways. They often fund or co-fund areas of traditional state responsibility, such as schools, hospitals and local government.

The explosion in Commonwealth grant spending fuels waste and inefficiency by incentivising rent-seeking behaviour. Small interest groups stand to gain significantly from Government expenditure, while the cost is spread thinly across millions of taxpayers. This dynamic leads to government spending that is often driven by political convenience rather than by necessity or efficiency – what Milton Friedman referred to as the phenomenon of “*concentrated benefits and dispersed costs*”. As this incremental spending accumulates it becomes an ever growing financial burden on taxpayers.

Data published on GrantConnect, the Government’s centralised grant information system, shows that the Commonwealth made over 77,000 grants between July 2022 and December 2024, including around 35,000 in each of the 2022-23 and 2023-24 financial years.⁹ This only accounts for direct grants by the Commonwealth and does not include most funding made to or via state governments, such as funding for housing, schools, hospitals, infrastructure and disaster resilience. There is even less scrutiny on these grants, which are often made with few or no strings attached.

The increasing reliance of local and state governments on Commonwealth grants reduces accountability across all three levels of government. State and local governments now expend significant effort to lobby the Commonwealth to provide more grants (funded by deficits or higher taxes) for issues that should have been handled at a more local level. This simultaneously distances local taxpayers from decision-making in Canberra and reduces the incentive of state and local governments to rein in expenditure or deliver services efficiently.

The size and scope of grant programs significantly hinders transparency and accountability. In many cases, it is doubtful that public service leaders and Ministers (let alone the media or general public) are across the details of all grants within their portfolio. Public servants are simply left to determine grant applications against a set of hands-off criteria previously determined elsewhere, with the objective of spending a predetermined amount of money and delivering that funding to recipients as soon as possible.

There is little incentive to provide feedback to Ministers on whether all grants are delivering value for money for taxpayers or even achieving the objectives of the program. It may not even be clear what the ideal objectives or outcomes are meant to be. There are likely to be no or limited mechanisms to question grant program criteria and the outcomes they lead to, or gather and feed this information back to decision-makers to improve program outcomes. For example, recent media coverage has questioned the grants process and

⁸ Red tape reductions should include non-legislative instruments, such as determinations and guidelines.

⁹ This only includes grants for which information has been made publicly available. It is reasonable to expect that the total for the 2024-25 financial year will be similar to previous years.

outcomes at Creative Australia, following the revelation that over a third of peer assessors (who decide where grants go) appointed between 2022 to 2024 have also received grants themselves. In some grant categories between a quarter and half of these assessors hold views that are anti-Australian, anti-Israel or anti-Semitic in nature.¹⁰ As a result, numerous grants have been awarded to artists who have voiced support for former Hamas chief Yahya Sinwar, some of whom also sit on peer assessment panels.¹¹

The Menzies Research Centre has undertaken a targeted review of 77,000 GrantConnect records and other funding programs and discovered a significant number of grants of questionable value for taxpayers, including highly ideological research in areas of state responsibility, such as hospitals and prisons. This review does not include grants delivered through the states. A selection of some of the more questionable spending is presented below. There is no doubt that a more extensive and well-resourced ongoing audit of Government grant programs would uncover considerably more wasteful spending that could be redirected towards other priorities or repairing the Budget.

Table 2: Examples of recent Government grant spending

Overview	Recipient	Description <i>Some original grant descriptions have been edited for length and clarity</i>	Dollar Amount
Disaster Ready Fund grants*	State and territory governments	The Disaster Ready Fund is the Government’s flagship program to address disaster resilience and risk reduction. MRC analysis of projects funded under this program has identified that at least 10% of funding, totalling almost \$40 million, has been spent on 35 projects that have no direct impact on improving disaster resilience (at least a further 30 projects totalling around \$21 million were considered to have a very limited impact). These projects include \$5.3 million to plant trees in Western Brisbane and the Sunshine Coast to improve shade coverage, \$500,000 for a “family-oriented disaster resilience gallery” in WA and \$560,000 for thermally backed curtains for homes in Canberra. This funding is matched by state governments, so the actual figure for waste is effectively doubled.	\$39,974,777
Decolonising breastfeeding	The Sax Institute	Decolonising lactation care to support the initiation and maintenance of breastfeeding among First Nations women.	\$1,071,249.31

10 [Margin Call: Creative Australia boss Adrian Collette to front Senate Estimates | The Australian](#)
11 [Thousands of dollars in grants for supporters of ex-Hamas chief Sinwar | The Australian](#)

Overview	Recipient	Description <i>Some original grant descriptions have been edited for length and clarity</i>	Dollar Amount
Anti-racist dentistry, the mouth as an expression of racial injustice	The University of Adelaide	Racism and colonisation are key drivers of the profound levels of preventable dental diseases experienced by Aboriginal and Torres Strait Islander Peoples. This project aims to develop and evaluate an anti-racist curriculum for dental students, enhance the recruitment and well-being of the Aboriginal and Torres Strait Islander dental workforce, and create an oral health promotion training module for Aboriginal Health Workers, to be widely implemented in Aboriginal community-controlled Health Services nationwide.	\$898,629.25
Drag show contest for scientists	Naomi Koh Belic	The Drag Experiment is the show of the year for drag lovers, science nerds, and all folks across the LGBTQIA+ and STEM spectra! Headlined by four phenomenal people who are scientists by day, and drag performers by night. They will give show stopping drag performances interwoven with scientific concepts and research. The audience will vote for their favourite to be crowned.	\$18,480
Three grants to activist training centre	Melbourne Activist Legal Support Incorporated	Melbourne Activist Legal Support provides training for protest movements and monitors and reports on the policing of protest events. The organisation received three separate grants in 2023 and 2024. ◦ \$3,500 to purchase small equipment items to assist volunteers and contribute towards reimbursement of fuel costs, transport costs and background screening checks. (Department of Social Services) ◦ \$2,512 to support volunteers and encourage participation in volunteering. (Department of Social Services) ◦ \$4,000 to purchase software, ICT and safety equipment. (Department of Infrastructure, Transport, Regional Development, Communications and the Arts)	\$10,012

Overview	Recipient	Description <i>Some original grant descriptions have been edited for length and clarity</i>	Dollar Amount
Pathways for conductors and directors in opera	University of Melbourne	This project aims to use opera as a lens to examine gender inequality in freelance work contexts. Using an innovative, mixed-methods approach that frames the global opera industry as an ecological system, the project expects to generate new knowledge about the factors that support career advancement for conductors and stage directors and provide an evidence-based framework to evaluate equity initiatives. Outcomes include enhanced capacity to increase diversity in opera and other sectors of the creative industries that rely on freelance work.	\$439,293
Over \$600,000 sending delegates to COP climate conferences over two years	Various	43 x grants of up to \$16,500 for non-Government officials to attend COP climate conferences. Grant recipients included the ACTU, multiple high schools and universities, the National Farmers Federation and at least 15 separate grants to Aboriginal and Torres Strait Islander related groups.	\$646,578.60
Decolonising Australia's legal institutions	Larissa Behrendt - University of Technology Sydney	This Laureate Fellowship aims to fundamentally re-make Australia's colonial legal institutions to remove the harm they currently do to Indigenous people and communities. It is well known that colonial legal institutions such as the criminal justice system, coronial processes and child protection systems continue to have significant negative impacts on First Nations Australians in the twenty-first century. Researchers have not yet been able to answer the question of how we can best decolonise colonial legal systems.	\$3,472,660.00
Policing Australian pop music	The University of Sydney	This project explores the relationship between music, crime, and policing in Australia, from colonial-era criminalisation of First Nations people to contemporary policing of music genres like drill rap. While music has been used as a tool of state control, it has also served as a powerful form of resistance, with artists challenging oppression through movements like #MeToo and Black Lives Matter. This research examines how popular music is both policed and used to resist regulation, shaping social and political change.	\$411,200

Overview	Recipient	Description <i>Some original grant descriptions have been edited for length and clarity</i>	Dollar Amount
\$3.5 million in grants to an industry association of sex workers	Industry association of sex workers	Peak Body Funding	\$3,491,620
		Volunteer Grants to support volunteers and encourage participation in volunteering (2024-25).	\$2,000
		Funding to purchase laptops.	\$9,900
		Volunteer Grants to support volunteers and encourage participation in volunteering (2023-24).	\$1,500
\$660,000 to promote colonial resistance dance	BlakDance Australia Limited	Bunyi Bunyi Bumi: interdisciplinary dance collaboration facilitating transmission of knowledge and immersive exploration of stories woven from ancient songlines and pre-colonial reimagining.	\$660,000
A study of everyday resistance used to quietly oppose injustice	The University of Queensland	This project explores everyday resistance, the subtle, routine ways individuals oppose injustice beyond public protests. Using mixed research methods across diverse contexts, it aims to uncover why people engage in everyday resistance, its effects on wellbeing, and its connection to larger social movements.	\$473,140
Teach critical race theory to healthcare workers	QUT (Carumba Institute)	A research team led by QUT's Carumba Institute Executive Director, Professor Chelsea Watego, will develop and evaluate an Indigenous anti-racist educational intervention for health staff. The initiative is grounded in critical race theory and Indigenous-led research. It seeks to embed anti-racism as a core value in children's health policy and service delivery.	\$994,963.50
Two performances in Morocco of creative dialogue and stories between Moroccan Berber and First Nations Australians	Maysoun Bouga	'From Sunrise to Sunset' invites you on an artistic journey to discover ancient wisdom from two ancestral lands on opposite sides of the world. From Australia in the east to Morocco in the west, where the sun sets. During a residency in Morocco, Australian First Nations, Moroccan Amazigh and contemporary artists will enter in an artistic dialogue exploring ancient tales through performative arts and contemporary lenses. In hope to discover together ancestral pearls of wisdom to guide us through some of the challenges that we are facing today, on this beautiful planet we all call home.	\$60,000

Overview	Recipient	Description <i>Some original grant descriptions have been edited for length and clarity</i>	Dollar Amount
\$275,000 to play a movie about Australian landscape in China	National Museum of Australia	Extending the tour of the Ochre and Sky exhibition, a film showing scenes of the Australian landscape, its diversity and the First Nations concept of Country.	\$275,000
\$1 million to promote queer professional identity in primary healthcare	The University of Queensland	Design, put into action, and evaluate a patient-centred and supportive care approach. It will do so by cultivating welcoming spaces for LGBTQIA+ patients and providers. Additionally, it will enhance the capacity of primary healthcare teams to deliver safe and affirming health services.	\$997,825.80
A model for Transgender care in prison	University of New South Wales	This project will develop and evaluate a comprehensive model of care for trans and gender-diverse people in prison, supporting policy reforms to integrate them into culturally responsive healthcare. The goal is to enhance their health, wellbeing, and physical safety within the prison system.	\$987,423.20
Grant to Randa Abdel-Fattah, a well-known anti-Israel activist	Macquarie University	This project is the first study of Arab/Muslim Australian social justice activism, uncovering oral histories and rare archives from the 1970s to today. By examining activism in anti-racism, anti-war, and feminist movements, it will provide new insights into their struggles and contributions, highlighting the transformative impact of a historically overlooked community. The Government has since requested that the Australian Research Council Board investigate this grant.	\$802,000
Subverting souvenir tea towels	National Exhibitions Touring Support Victoria	This solo exhibition showcases Kait James’ recent work, where she subverts souvenir tea towels to challenge racial stereotypes of First Nations people. Through humour and sharp wit, James reclaims and reimagines ‘Aboriginalia’ with contemporary Indigenous imagery and language, offering a powerful commentary on modern politics.	\$317,551.30

Overview	Recipient	Description <i>Some original grant descriptions have been edited for length and clarity</i>	Dollar Amount
Funding for the Environmental Defenders Office	Environmental Defenders Office	The Environmental Defenders Office litigates against major projects in Australia, creating additional costs and delaying projects. In one recent case, the EDO was forced to pay \$9 million in legal costs after a failed challenge against a Santos project, where the Court found some EDO evidence was “so lacking in integrity that no weight can be placed” on it.	\$9,071,700.00
Promote Western Australia as a prominent football destination in Qatar, Saudi Arabia and UAE	Football West Limited	Football West’s Arab Engagement Strategy aims to strengthen Australia’s ties with Qatar, Saudi Arabia, and the UAE through a shared passion for football. By positioning Western Australia as a key player in the global game, the initiative fosters cultural, sporting, and educational exchanges while establishing Football West and the Sam Kerr Football Centre as premier hubs for training, team base camps, and professional collaborations.	\$50,000
Total: \$65,137.503.36			

**Disaster Ready Fund grants are available directly on the National Emergency Management Australia website and are not listed on GrantConnect. Numerous other significant grant programs can similarly only be reviewed directly.*

What should we do?

The best way to address waste in Government grant programs is to establish stronger accountability for grant funding decisions and to increase transparency regarding those decisions. As with the issues surrounding red tape discussed above, unless someone is empowered to be responsible for reducing waste on an ongoing basis, then no one will do it.

As a first step, the Government should appoint a Minister responsible for continually assessing and auditing the wide array of Government grant programs and their effectiveness, ideally within a central agency such as Finance or Prime Minister & Cabinet. This Minister should conduct a detailed audit of all grants made over the past three years to identify examples of waste and review the purpose of these programs from a fresh perspective, with these findings to be published. In programs where significant examples of waste are identified, the Minister should be responsible for enacting changes to grant guidelines, approval processes, reporting lines and accountability of decision makers. Following this initial audit, the Minister should be empowered to audit any grant program at any time.

To further reduce the risk of future waste, the transparency of large grant programs (say over \$100 million per year) should be enhanced. This should include making public all information provided by the recipient as part of any application process (i.e. not just a short summary) and the outcome of the project upon completion, including whether funding objectives were met and any cost overruns. There should be direct Ministerial oversight of all grant expenditure. Ideally, Ministers should be responsible for approving all grants or, at the very least, able to veto competitive grants they deem not in the public interest.¹²

¹² And publish their reasons for doing so.

Following the application of these recommendations to direct Commonwealth grants, the Minister responsible should turn their attention to the billions of dollars in (often untied) grants to state and local governments. The section below proposes additional recommendations to improve the efficiency of this spending.

A more efficient Government

The ever growing scope and complexity of Government means there will always be an opportunity to deliver Government programs and services more efficiently and achieve the same or better outcomes with less spending, fewer staff, or both. The growth in Government spending shown in Table 1 and overlapping responsibilities in Figure 1 create significant scope for inefficiency across all areas of Government, in addition to the specific issues surrounding red tape and grants discussed above.

Unless the potential for waste is vigilantly monitored, the inertia within Government will tend towards greater inefficiencies. This potential is most likely to present in three ways: requests for additional staff and resourcing, the staff needed to deliver unnecessary functions or enforce needless red tape, and duplication within or across Government agencies.

There is no doubt that some proportion of the Government’s 360,000 employees, including the 36,000 APS headcount increase under the current Government (around 50 per working day), are not necessary to deliver Government programs and services to the standards that Australians expect. When the Government decides to establish a new program or Government function or expand an existing one, the public service will generally have an incentive to request more staff to deliver it, regardless of whether this could be achieved with existing staff or a smaller increase in resources. If such requests are not questioned, particularly within areas of Government spending that are rapidly increasing, the potential for inefficiency and waste as a result of unnecessary growth in the size of the public service will expand over time. For example, there were 78 open APS job listings with a job title relating to “communications” in just the three months from December 2024 to February 2025.

Once public servants are employed, they are highly unlikely to recommend that their function is not necessary or could be performed more efficiently. This can lead to perverse outcomes that are unlikely to be tolerated in a private business, such as the recent revelations concerning Department of Education grants to subsidise childcare wages. The team (of unknown size) responsible for delivering those grants had to make dozens of amendments to grant guidelines because they were too complex for small childcare operators to obtain and applicants had been told they must wait up to two months for a decision.¹³ There were also 18 public servants working as administrators for a Facebook page set up to connect with childcare operators. Rather than making the grant application process easier for childcare operators, it seems the Department has simply thrown more public servants at the problem regardless of cost – managing to simultaneously add both red tape and waste to an external grant program. In another recent example, the NDIS held a Summit on its LGBTIQ+ strategy, the primary outcome of which appears to have been a decision to change the acronym to LGBTIQASB+ so as to include ‘Sistergirls’ and ‘Brotherboys’, who are ‘First Nations transgender women and men’.

The unnecessary and inefficient use of consultants and labour hire is also of concern. Too often consultants are used to shift responsibility for decisions and too often contractors are engaged to outsource program implementation. This has fostered a class of consultants and contractors – frequently former public servants

– who often add limited value to Government decision-making or program delivery. Despite the current Government committing to cut back on the use of consultants, since 2022, the value of consultancy contracts has been in line with the average of previous years, rising to \$627m in 2024.¹⁴ In addition, the average yearly cost of labour hire contracts has nearly doubled from \$23 billion from 2016 to 2022, to \$42.5 billion between 2022 and 2024.¹⁵

Some inefficiencies are even harder to identify because they require the questioning of an entire function of Government. Those delivering that function are unlikely to take a step back and consider whether it should exist, let alone recommend it be abolished. Examples of potentially wasteful functions and programs that the Government could consider abolishing or significantly scaling back are outlined below in Table 3.

Table 3: Inefficient or unnecessary Government functions that could be considered for abolition

5 cent piece production	Producing a 5 cent piece costs 12 cents.¹⁶ This means the Mint lost approximately \$4.13 million on the 59 million 5 cent pieces it has produced since 2022.¹⁷ Cash use in Australia has plummeted and most Australians are unlikely to have used a 5 cent piece in years, however ending the production of 5 cent pieces wouldn’t prevent them continuing to do so. Ending production of the 5 cent piece would be in line with the decision to phase out 1 cent and 2 cent pieces in 1992 – 2 cents in 1992 would be worth around 5 cents today.
Paying Telstra to maintain payphones	The Government currently pays Telstra \$40 million annually to maintain payphones nationally. So few people used these phones in recent years that Telstra made them free, because the cost of collecting the coins from payments cost more than they were worth. There is no public reporting on Telstra’s performance and expenditure of this public funding.¹⁸ Despite this funding, the Commonwealth also <i>separately</i> manages a network of up to 245 community payphones and 301 Wi-Fi satellite phones in remote Aboriginal and Torres Strait Islander communities.¹⁹ Given the high usage rates for mobile phones, most Australians are unlikely to be able to remember the last time they used a payphone and millions may have never even used one. The Government should consider whether there is a better use for this \$40 million per year (at the very least, the proportion used to fund payphones in urban areas).

13 [Childcare pay rise in doubt as daycare centres struggle to apply for ECEC Worker Retention Payment Grant | The Australian](#)

14 AusTender figures.
15 [Peter Dutton wants to cut public service jobs in Canberra. Here’s what happened last time | Australian politics | The Guardian](#)
16 <https://www.themandarin.com.au/199762-royal-australian-mint-to-focus-on-changes-to-coins-for-now/>
17 [Five Cents | Royal Australian Mint](#)
18 https://www.infrastructure.gov.au/sites/default/files/documents/review_of_payphone_rules_optus.pdf
19 [Commonwealth Closing the Gap Implementation Plan](#)

The likelihood of inefficiency is even greater when considering the complex web of interconnecting relationships between Ministers and Government agencies shown above (Figure 1, pp 8-9). This creates considerable scope for duplication between different parts of Government that is unlikely to be proactively identified, let alone rectified. There is little incentive for a public servant to advise a Minister that their position is duplicated elsewhere and risk a recommendation that their own position is redundant or have their resourcing reduced. Where this means a business or member of the public must interact with multiple departments on a similar issue, this can also lead to needless additional red tape. Where it means multiple departments have an interest in a particular policy area, it can lead to duplicative grant programs (for example, Health portfolio grants in areas of Indigenous Australians policy and vice versa).

The potential for inefficiencies and duplication is compounded further when considering the interactions between multiple levels of government. The Commonwealth provides tens of billions of dollars to state governments annually to support areas of shared or even entirely state responsibility. This funding can vary from small grants — such as those identified in Table 2 to fund transgender care in prisons and teach critical race theory to healthcare workers²⁰ — to billions of dollars in funding tied to hospitals, schools and housing, often with few or no requirements to deliver particular outcomes or improve efficiency.

What should we do?

Improving the efficiency of Government will not be easy. The web of relationships shown in Figure 1 significantly understates the true complexity of a system involving over 360,000 employees responsible for over \$730 billion in annual spending. Ministers and department heads, much like CEOs, are focussed on their day job of delivering the programs and services associated with their portfolio responsibilities. The scope of these responsibilities means they cannot also be expected to ensure every level of the organisations they are responsible for (which may have thousands of staff) is running efficiently. Solving this problem means building new systems to establish strong accountability for efficiency across Government and mechanisms to ensure this occurs in an ongoing way.

Commonwealth Government

A necessary first step is **appointing a Minister to be responsible for overseeing efficiency** across Government. As with red tape outlined above, if everyone is only indirectly responsible for efficiency, then no one is actually responsible or accountable. This Minister should be within a central portfolio such as the Department of Prime Minister & Cabinet, with a permanent team empowered to examine and enforce efficiency across the Government.

A priority for this Minister should be to **conduct an audit** of the staffing composition of Government departments and agencies and use of consultants and labour hire. The audit should focus first on those areas that have had the fastest growth in the last three years, with the findings to be made public. This should include **benchmarking across Government** to determine the efficient level of resourcing required to deliver services and programs of similar scale and complexity. Departments and agencies should be required to justify any significant deviations from the efficient level of resourcing, including the use of consultants, and meet the efficiency benchmark within 12 months.

A **minimum six month hiring freeze** across the public service²¹ (with limited exemptions such as for graduate programs and special cases requiring Ministerial approval) should be enforced while this audit and benchmarking exercise is undertaken, during which time some level of natural attrition should be expected to

²⁰ Both areas of state responsibility, in addition to the grants themselves being of questionable value.

²¹ The public service does not include the ADF.

occur.²² Departmental expenditure on consultants should be capped and Ministerial approval, guided by strict criteria, should be required for consultancy engagements. Consultancies should not be used as a substitute for taking responsibility for decision-making and engagements should only occur where expertise is unavailable in-house. Consultancy contracts should include regular review points and off ramps to ensure consultants do not become embedded in ongoing operations. The same practices should be promulgated to independent agencies via Ministerial Statements of Expectations.

Even if an audit and benchmarking achieves improvements in efficiency, maintaining efficiency in Government will require ongoing discipline, especially relating to resourcing decisions when new programs are established. When governments establish a new program, the tendency in public service is to request additional staff, consultants and resources to deliver it, even if it could be performed within existing resources. While some additional resources may be necessary, it should be the role of every Government to vigorously question such requests. As would occur in any business, there will generally be scope to shift staff and resources according to new priorities (especially in large departments). The Government should always weigh requests for additional staff or consultants against whether its objectives could be achieved with existing staff or a smaller increase in resources. A benchmarking exercise as outlined above would assist in maintaining this discipline.

Improving efficiency is not just about the quantum of staff and resources — it is also about **how these resources are used**. More effective use of existing resources can prevent the need for unnecessary bloat and inefficiency across the public service. Growth in government services productivity is essentially zero, so finding ways to use technology such as AI to drive efficiency improvements is vital. In the UK, Labor PM Keir Starmer has described AI as a *“golden opportunity”* to improve Government efficiency. For example, AI has the potential to enhance productivity in almost every aspect of the healthcare sector which could deliver enormous efficiencies and budgetary savings, but this sector is one of the least mature industries in terms of AI implementation, both in Australia and internationally.²³ AI use more broadly could help the public service do more with less, reducing the need for consultants and permanent staff without affecting service standards. The Menzies Research Centre’s recent [report into productivity policy](#) explored the significant potential for AI-driven productivity gains across both the public and private sector.

The public service is unlikely to be an innovator at the forefront of technology use. With dozens of departments and agencies across eight states and territories, there will always be someone using technology better than others. It makes no sense to expect all agencies and departments at all levels of government to continually reinvent the wheel and start from scratch. This seems the likely outcome without concerted policy change. A Minister responsible for efficiency should be tasked with **driving the adoption of successful private sector approaches to technology** that improve productivity and service delivery, particularly using AI.

“AI is a golden opportunity” - Keir Starmer

This support for technological innovation should be coupled with a concerted effort to **significantly uplift sharing of public sector data**. Public-sector data is a public asset and safe sharing and use of this data would enable and support innovation and research, including by the private sector, that could boost efficiency across Government and benefit all Australians. Australia is one of the poorest performing countries in the OECD in terms of data availability, data accessibility, and government support for data re-use.²⁴ Governments hold significant amounts of data in areas such as healthcare that could potentially be de-identified and shared with minimal risk and for high public benefit.

²² APSC figures show that APS separations averaged around 11,500 annually over the last three years.

²³ [digital-healthcare.pdf \(pc.gov.au\)](#)

²⁴ [2023 OECD Open, Useful and Re-usable data \(OURdata\) Index | OECD](#)

State and territory governments

The Commonwealth must also take a strong interest in the efficiency of government at the state and territory level, given the Commonwealth spends tens of billions of dollars funding state governments to deliver programs and services. This funding is often provided under an agreement where the Commonwealth is funding a given share of total costs, even though the state is responsible for delivering the service or program. This means that the Commonwealth ultimately pays the price for any inefficiencies at the state level.

The Commonwealth should leverage the significant funding it provides to the states and ensure that funding agreements **require state governments to undertake efficiency enhancing measures**. This should be done in a way that drives the adoption of good practice, while recognising differences between states and not unnecessarily overreaching into the detail of how services are delivered or imposing overwhelming reporting requirements. This should include coordinating AI policy with each other and the Commonwealth, adopting best practice identified by the Commonwealth or other states, and actively removing barriers to AI use in areas being funded. Many of the government services with the most scope to gain (both in terms of efficiency and quality) from the adoption of AI are those primarily delivered by the states, including health and education. Given that state governments hold much of the most useful data relating to government services, the Commonwealth should also make significantly uplifting data sharing and availability a requirement of state funding agreements.

The Commonwealth should particularly focus on ways to **improve efficiency in the most significant areas of shared state funding** such as education, health, infrastructure and housing. One way to do this would be to replicate a similar shared model to the new Australian Education Research Organisation (AERO) in other areas of government services. AERO is a national education evidence institute, jointly funded by the Commonwealth and the states under the National School Reform Agreement, that researches and collates effective teaching and learning practices and shares them nationally to drive improvement across the education system. In essence, this model recognises that, with responsibility for education split across eight jurisdictions, it makes sense to pool resources and centralise the research and dissemination of best practice.

In principle, there is a strong case to replicate this model in other areas of state responsibility that receive substantial Commonwealth funding, since with eight jurisdictions there will always be knowledge to share and new practices to adopt. Among other areas, these research institutes could be tasked with researching and vetting the most effective digital technologies such as AI, something the Productivity Commission has already recommended AERO be tasked with. These bodies could also be tasked with coordinating the open provision of public data for analysis and research aimed at improving service quality and productivity (which would also help unlock the potential of AI).

Conclusion

Addressing inefficiency, waste and excessive red tape must be an ongoing priority for the Government. For too many Australians and businesses, dealing with the Government feels like running up against a brick wall. The Canberra-centric public service has developed a culture that is not innovative and where no one appears to be accountable for addressing the red tape holding back business, waste in Government grants and spending, or inefficiency in service delivery.

Changing this culture requires restoring accountability to decision making in Government. There is no doubt that some of the \$730 billion in Government spending will be wasteful and some proportion of its 360,000 employees and the red tape and regulations they enforce must not be necessary. Unfortunately, no one has an incentive to reduce waste or make Government more efficient because no one is responsible or accountable for making it happen.

As such, the key recommendations of this report are simple — the Government must put someone, ideally Ministers, in charge of red tape reduction, stopping waste and delivering a more efficient Government. Doing so is a **necessary first step to restoring accountability to decision making** so that the Government can better serve Australians.

As a first priority, these Ministers must work across all areas of Government to stem the flow of red tape and waste. They should conduct vigorous and wide-ranging audits, establish efficiency benchmarking of key public service functions, and enact a hiring freeze.

However, addressing red tape, waste and inefficiency is not a one-time job. The scale and complexity of Government means that, even from a good starting position, waste and inefficiency will occur over time without strong oversight. This is why the Ministerial roles this report recommends must be ongoing and include responsibility for ongoing red tape reduction targets, stronger Ministerial oversight of grant expenditure, benchmarking and audits, improved technology and AI use, and a robust drive to improve efficiency in state governments. This ongoing work will create a self-regulating and self-improving public service that benefits all Australians.

Calls to improve the efficiency of Government are often met with scare campaigns alleging that all parts of Government are necessary and that any counterview means cuts to essential services. However, denying that there is *some* level of inefficiency in Government is simply not tenable. Ignoring this important issue leaves all Australians to pay the price of ever increasing inefficiency and waste.



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