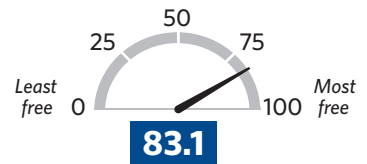


World Rank: **3**

Regional Rank: **3**

AUSTRALIA

Economic Freedom Score



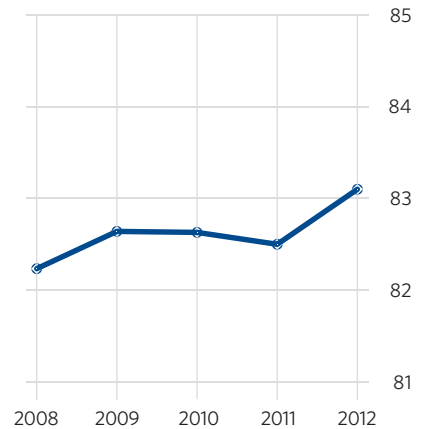
Australia's economic freedom score is 83.1, making its economy the 3rd freest in the 2012 *Index*. Its overall score is 0.6 point higher than last year, reflecting better scores in trade freedom, government spending, and fiscal freedom. Australia is ranked 3rd out of 41 countries in the Asia-Pacific region, and its score is well above the regional and world averages.

The foundations of economic freedom in Australia are strong and well supported by excellent protection of property rights and an independent judiciary that enforces anti-corruption measures effectively. While many large advanced economies have been struggling with growing debt burdens that result from years of heavy government spending, Australia's gross public debt stands at less than 25 percent of GDP. Budget deficits have been under control owing to prudent public finance management that recognizes limits on government.

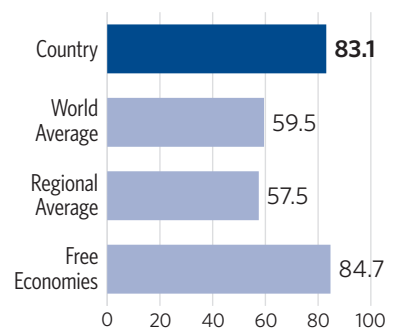
Australia's modern and competitive economy benefits from the country's strong commitment to open-market policies that facilitate global trade and investment. Transparent and efficient regulations are applied evenly in most cases, encouraging dynamic entrepreneurial activity in the private sector.

BACKGROUND: Since the early 1980s, successive Labor and Liberal governments have deregulated financial and labor markets and reduced trade barriers. As a result, Australia has enjoyed economic expansion for almost two decades and has come through the global recession relatively unscathed. However, stimulus spending by the Labor government has led the country into deficit, and recent passage of a carbon tax raises doubts about the future direction of economic policy. Australia is one of the Asia-Pacific's richest countries. With a population of about 22 million and a land mass of 3 million square miles, it is one of the world's least densely populated countries and one of the most urbanized, with most of the population concentrated in coastal cities. Australia is an internationally competitive producer of services, technologies, and high-value-added manufactured goods. Exports remain heavily focused on mining and agriculture.

Freedom Trend



Country Comparisons



Quick Facts

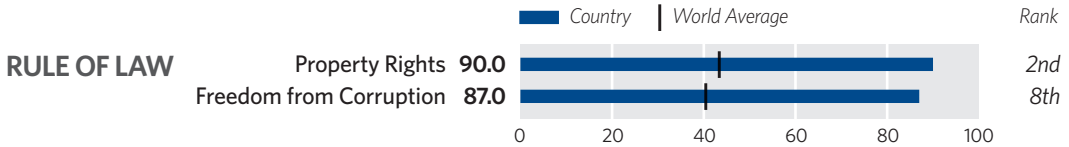
- Population:** 22.2 million
- GDP (PPP):** \$882.4 billion
- 2.7% growth in 2010
- 5-year compound annual growth 2.8%
- \$39,699 per capita
- Unemployment:** 5.2%
- Inflation (CPI):** 2.8%
- FDI Inflow:** \$32.4 billion
- Public Debt:** 20.5% of GDP

2010 data unless otherwise noted.
Data compiled as of September 2011.

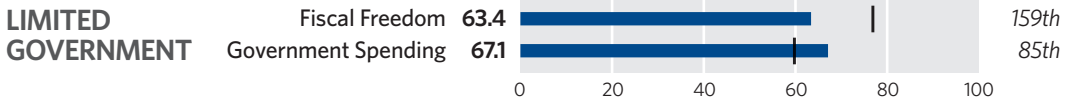
How Do We Measure Economic Freedom?

See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

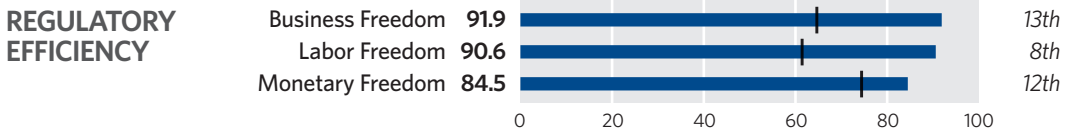
THE TEN ECONOMIC FREEDOMS



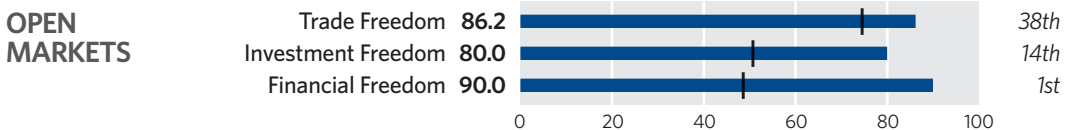
Australia’s judicial system operates independently and impartially, with consistent application of laws. Property rights and contract enforcement are very secure, and expropriation is highly unusual. Protection of intellectual property rights is consistent with world standards. Effective anti-corruption measures discourage bribery of public officials and uphold clean government.



The top income tax rate is 45 percent, and the corporate tax rate is a flat 30 percent. Other taxes include a goods and services tax, with the overall tax burden amounting to about 30 percent of total domestic income. Fiscal adjustments have been relatively swift and effective, and control of spending has been good overall. Compared to other advanced economies, Australia’s public debt is quite low at 20.5 percent of GDP.



Australia’s regulatory environment is one of the most reliable, transparent, and efficient in the world, offering a high degree of certainty for business planning. The labor market remains flexible, with a relatively low unemployment rate of around 5 percent. The government can impose price controls, but competition reforms are reducing the range of goods that are subject to controls. Inflation has been modest in recent years.



The trade weighted average tariff rate is 1.9 percent. Although a range of non-tariff restrictions are in place, Australia strongly backs the dismantlement of trade restrictions. Foreign and domestic investors receive equal treatment, but foreign investments above a certain threshold may be screened. The well-developed financial sector is highly competitive and sound, with all banks privately owned.

Score Changes

RULE OF LAW	LIMITED GOVERNMENT	REGULATORY EFFICIENCY	OPEN MARKETS
Property Rights	Fiscal Freedom	Business Freedom	Trade Freedom
Freedom from Corruption	Government Spending	Labor Freedom	Investment Freedom
		Monetary Freedom	Financial Freedom
0	+2.1	+1.8	+1.8
0	+2.4	-1.6	0
		-0.5	0