

## RESEARCH REPORT NO 17

### Reform in Australia today - why not listen to the people?<sup>1</sup>

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We live in one of those most interesting and challenging times in human history. The distinction between the global and the local is collapsing under the pressure of climate change, economic restructuring, global migration and jihadism on the one hand and the populist and information technology revolutions on the other. Australian politics is not immune from any of these pressures – and nor is the democratic capitalist world of which we are part. Economic growth is much harder to find and structural change beckons but vested interests big and small stand in the way. Indeed our representative democracies are best suited to meeting the needs of electors today and when it comes to the bigger and more challenging issues they struggle to deliver. As Benjamin Barber put it contemporary democracy is ‘a long distance runner with a heart condition’.

In Australia in recent times we’ve seen this with respect to economic and budgetary reform, carbon policy to address climate change, social reform to reduce inequality. Labor’s success at bringing these three concerns together and winning parliamentary support fell afoul of the 2013 election and the Coalition’s hard right alternative is struggling to gain any traction, not only in the parliament but also the community. Only in respect of national security has there been a significant degree of elite consensus. This raises the question as to what the elections of 2010 and 2013 were all about. Was it leadership or policy or trust or all three? Not surprisingly the question of ‘democracy’ is back on the agenda again and a whole range of reform proposals have surfaced. Some deal with the parties and how they are organized and regulated. Some deal with the role money is – and should be – playing in politics. Some are the more conventional proposals related to parliament, in particular the Senate and how it is elected and how it functions. Others relate to government itself and the accountability of decision makers to the public interest and human rights. Others again relate to inter-governmental relations and the ongoing relationship between government and the people in between elections. Sometimes the focus is on ‘system’ and sometimes ‘culture’ but when you dig deeper the issue of trust inevitably emerges, particularly the trustworthiness of our political elite. It is the most basic of issues in a free society built around an ongoing contract between people and their governments.

My question today is: what chance is there for Australia to reform its democracy on behalf of a sustainable future? In order to answer this question I will utilise a particular set of distinctions related to the various players in the political process and the attitudes they bring to politics and power. The picture that emerges is that of a stalemate seeking a solution. What that solution might look like will form the basis of my concluding remarks.

Who, then, are the players in our democracy? By using position in the political hierarchy as a reference point three sets of players can be identified- insiders, outsiders and the people. The insiders are located in our major parties, Labor and the Coalition. They seek executive power and are in a position to capture it. Denied they may be but still they attract most support from within the electorate. The outsiders include the minor parties, independents, social movements, and

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<sup>1</sup> Keynote address: Senior Parliamentary Clerks and Officers Professional Development Seminar, Sydney, 22 January 2015.

pressure groups (some interest-based some values based) all seeking influence over law and policy and, most importantly, being of growing importance in our society. Finally there are the people or electors looking in on it all through the prism of their beliefs about how we should be governed - and to what ends. We see and hear them often and not only through elections but also through opinion polling and focus groups. Claiming ownership of the people as political positioning and rhetoric requires insiders and outsiders to do can be a very risky business.

This takes me to the question of attitudes towards politics and power. The insiders - or major parties - are all about the power of governing and whilst they understand the realities of our Constitution and its checks and balances, still believe that the achievement of a majority in the House of Representatives gives them 'the mandate to govern'. They may differ on many areas of policy and be ruthlessly adversarial in conduct but on some things they speak with a united voice. Power is their mantra and a 'whatever it takes' mentality is embedded in their thinking. Backing this up is the assumption that the people want 'strong and decisive government'.

It follows that the insiders aren't keen on anything we might describe as serious democratic reform in politics and government. They say there are already too many checks on their power - the Senate, the Courts, the States and the Media in all its contemporary forms. They baulk at the idea of a National Anti-Corruption Commission and are horrified at the prospect of Australia adopting a Charter of Rights and Responsibilities, such as exists in Victoria and the ACT. They flirt with the idea of political party reform but pull back from giving it an institutional reality. Note as well the very top down way both have sought to develop and introduce new policy for our tax system and inter-governmental relations.

There is no unified position on reform amongst the outsiders. Indeed some in the business sector argue for a centralisation and concentration of power so that space is provided for real leadership around microeconomic and budgetary reform. The term they use to describe the Australian problem is 'populism'. Such centralization is also viewed favourably by those keen on security. On the other hand egalitarians and environmentalists want to see a dispersal of power so that different - and more socially and environmentally conscious interests - have a greater chance to succeed in a world dominated by big business, particularly carbon interests. The term they use to describe the Australian problem is 'neo-liberalism'. In the first case the perception of politics is that it is gridlocked by checks and balances and the minority interests they spawn, whilst in the second, politics is seen as too dominated by the major parties who themselves have been hijacked by the big end of town.

The relevant point to make here is that there is no common theme that brings together outsider players and their versions of democracy. Is the problem the power of money in politics or is it about our system of government? Is the Senate too powerful and does its electoral system give too much opportunity to minority interests? Should the major parties be subject to more regulation? Do we need a charter of rights and a national body to uncover and tackle corruption and improper behaviour? Should policy-making allow for greater involvement of parliament and the people or should it be more of a matter for 'the experts'? Reform in the eyes of some is reaction in the eyes of others.

Putting all of these elements together leads one to conclude that marshalling the numbers for political change is extraordinarily difficult. The insiders are at best lukewarm - and more often than not hostile - towards change and the outsiders are deeply divided on what changes would represent democratic progress. The level of trust required to bring things together is wafer thin and this takes me to the question of the attitudes of the people more generally. In as much as they have the chance to influence what the insiders and outsiders do they have been sending clear messages. They have been voting more for the minor parties and independents to act as a check and bring some balance, but no more. The claim of the major parties that elections gives them a mandate to rule and that it is strength in government that matters above all else is not backed up by the facts. It would be a better assumption to say that the people want strong and accountable government, not one or the other - and with accountability being about promises made as well actions undertaken whilst in government. They want the major parties to earn their respect rather

than assume that it is theirs, delivered by Australian history and its two-party system. The people want their leaders to say what they mean (less 'spin') and mean what they say ('keeping promises') and do see it as a role for the Senate - as well as Parliament generally - to see to it that there is accountability on this front.

It follows that Senate reform designed with the explicit intention of taking out the minors and independents from the equation is destined to fail just as it did in Tasmania in 1998 when the House of Assembly went from a 35 to a 25-member chamber. However, changes that would 'hand the power of preferences back to the people' (as Antony Green puts it) have at least a principle on their side. It might be keeping above the line voting but allowing voters to number groups or abolishing below and above the line voting and establishing optional preferential voting.

Electors have also been consistent in their views on what is and what isn't acceptable when it comes to all aspects of politics and public policy. The concept of a 'fair go' is ingrained in the social contract between people and government in Australia and unless the majors can convince the electorate that the changes they propose distribute the burdens and benefits of life in a fair way they will meet resistance. A summary of majority opinion in Australia would go something like this: 'Privatization and de-regulation have gone too far', 'inequality is growing and that's a bad thing', 'tax minimisation and avoidance by the rich and powerful should be first cab out of the rank of tax reform' and 'it's good that ordinary Australians – just like us - have found their way into the Senate'.

It follows that the political reforms designed to make it easier for a radical right agenda to prevail, such as increased centralization of power, are bound to be resisted. Indeed rather than promote the cause of micro-economic reform they are bound to make it even harder to achieve. John Howard understood this when he linked the GST to federalism but ignored it when he rushed Work Choices through the Senate.

Both the major parties have been losing numbers (both members and voters) in the battle for the heart and soul of the electorate and a loss of authority has followed but not enough to produce significant re-alignment of politics. However, what it does mean is that it's much harder to claim a mandate let alone deliver it. It's very much a case of a message being sent from below but not being heard (or capable of being heard) in the party rooms of the major parties - and the more they resist the more emboldened the outsiders become.

The only conclusion one can reach from this analysis is that given the current mix of interests and attitudes significant policy reform, economic, social or environmental, is not possible. One of the majors is still best placed to win, but what will such a win mean when it comes to the capacity to govern? Only in respect of security issues does there appear to be the requisite level of consensus for change to be made. In respect the other issues the insiders are strong but not strong enough (whatever their agenda but particularly one that exacerbates inequality) and the outsiders are stronger but not united on an agenda for the future. For their part the electors want change and are frustrated at the ongoing failure of the system to deliver it. This raises the question: Is there a way out?

My judgment is that the electors are looking to one of the majors to offer a lead. They have sent the message and want it to be heard and acted on. To put it simply they want their democracy to be taken more seriously as an instrument for the public interest rather than as a plaything of particular interests. That would mean the following:

Firstly, reform would need to be comprehensive and across the board covering an economic, a social, an environmental and a security agenda. In other words it would need to be inclusive of all the issues that matter to the community at large and not just focussed on those relevant to one section of the community. In particular any economic and environmental reform agenda will need to be backed up by a fairness package. Australian history tells us that the fair-go culture is in our DNA but isn't such as to rule out measures that strengthen our competitiveness in the global economy. Indeed the Hawke/Keating years about which much is said was characterized by wide-ranging

reform and not just economic reform and it was this not the 'inherent rationality' of microeconomics that legitimized the competition agenda.

Secondly, the major parties need to embrace rather than resist accountability reform, for examples in respect of tackling corruption and improper conduct at the national level - and in respect of their own factions, rules and behaviour. Community involvement in pre-selections is here to stay and party governance is a matter for public regulation given the public funds available today. Currently the demeanour and language around accountability displayed by our political elite is too dismissive, feeding rather than undermining the distrust that exists in the community. The public interest isn't an optional extra and nor is it an evasive goal; in our system it is a legal obligation for all involved in government, elected and non-elected. WA Labor found this out the hard way in the early 1990s but by creating the WA Inc Royal Commission and embracing its recommendations systematically and enthusiastically we were able to win back the trust of the people and take a wide-ranging reform program into government in 2001.

Finally, the majors will also need to embrace new and radical ways of engaging the people in the reform process, particularly where vested interests are holding back the nation. This is, of course, a new democracy that enriches our representative system with that wide range of methods we associate with random selection and deliberation. Already some states and local authorities here have entered this space to varying degrees and when they have the results have been generally positive, and on tough issues like budget priorities in an environment of scarcity. Give people responsibility and fully inform them of the option, for example on tax reform or inter-governmental relations, and they will respond rationally and not just in their self-interest or what they would regard as their normal views. Add random selection to the mix and proper deliberation is enhanced rather than diminished. If politics generally is too adversarial, interest groups too unyielding and voters too distrustful someone has to break the cycle.