



# WHAT DO AUSTRALIANS WANT?

DISCUSSION PAPER

*Active and Effective Government Fit  
for the Ages*



CENTRE  
FOR POLICY  
DEVELOPMENT  
10TH ANNIVERSARY

CREATE. CONNECT. CONVINCED

<http://www.cpd.org.au>

**DECEMBER 2017**

**Published by the Centre for Policy Development**

**© Centre for Policy Development 2017**

All CPD papers are released under a Creative Commons license. Extracts, summaries, or the whole paper may be reproduced provided the author, the title, and CPD are attributed, with a link to our website. For more details on the Creative Commons Attribution 3.0 Australia licence that applies to this paper, see [Creative Commons](#).

## ACKNOWLEDGEMENTS

The genesis of this paper was CPD's 10<sup>th</sup> Anniversary Series, which was focussed on renewing Australia's democracy. Its lead author is Travers McLeod, CPD's CEO. He was assisted by various members of CPD's team, especially Robert Sturrock, who directs CPD's Effective Government program. CPD would like to acknowledge the expert advice provided by Professor Glenn Withers AO from the Australian National University, along with Essential for their generous assistance with the attitudes research for this paper. This project benefited from support from CPD's research interns, including Katerina Kanousoulis, Isabella McKinlay, Angie Sassano, Jarrah Woolfrey, and Coco Xintong. Given the scope of this topic, CPD understands progress will only be made in partnership with others. To that end, we are particularly grateful to everyone who attended events during our 10<sup>th</sup> Anniversary Series, including those who participated in our special roundtable on Australia's democracy in November 2017 and provided feedback on an earlier draft of this paper. Special thanks are due to John W.H. Denton and Corrs Chambers Westgarth for hosting the November roundtable, and to Peter Mares, from the Cranlana Programme and CPD's Research Committee, who was the moderator. For the avoidance of doubt, this is a CPD discussion paper. It should not be read as representing the views of any of the individuals or organisations who participated in the November roundtable or CPD's 10<sup>th</sup> Anniversary Series.

## ABOUT CPD

The Centre for Policy Development (CPD) is an independent, values-driven, and evidence-based policy institute. Our motivation is an Australia that embraces the long term now. CPD's policy development is geared towards an Australia that is equitable, aspirational, and truly prosperous – and enlivened by the challenge of shaping a better future. CPD's core model is three-fold: we create viable ideas from rigorous, cross-disciplinary research at home and abroad. We connect experts and stakeholders to develop these ideas into practical policy proposals. We then work to convince government, businesses, and communities to implement these proposals. CPD has offices in Sydney and Melbourne and a network of experts across Australia. We are not for profit: donations to our Research Fund are tax deductible.

More information about CPD is available at <https://cpd.org.au/>.

## ABOUT CPD'S EFFECTIVE GOVERNMENT PROGRAM

The Effective Government Program examines how Australia can best ensure that its public institutions deliver active and effective government in the 21st century. This means tackling long-term policy challenges, delivering high-quality services to the community, weathering existential shocks from abroad, and instilling in the public a shared confidence and respect in their public institutions, and in one another. The ongoing work in Effective Government is possible because of contributions from CPD's program and organisational supporters, including the Community and Public Sector Union (CPSU), the Susan McKinnon Foundation, Qantas, Corrs Chambers Westgarth, Brian and Diana Snape, and the Garry White Foundation. We would also like to thank CPD subscribers, followers, and individual donors, whose contributions make our work possible. You can read more about the Effective Government Program [here](#).

**Cover Image:** Tom Roberts, *Opening of the First Parliament of the Commonwealth of Australia by His Royal Highness the Duke of Cornwall and York*, 9 May 1901. Full image [here](#).

## FOREWORD

We're delighted to share with you CPD's latest research – a new discussion paper called *What do Australians Want? Active and Effective Government Fit for the Ages*.

This paper is the latest outcome from a series of events and projects to mark CPD's 10<sup>th</sup> Anniversary. It draws on a detailed survey of Australian attitudes to democracy and government. It is also informed by input from about 30 eminent Australians from diverse backgrounds who gathered in Melbourne last month for a special roundtable on democracy.

Every day we're reminded our democracy is struggling under the strain of new and old challenges. The arduous and painful path to marriage equality despite broad public support is one example. The rolling crisis over the citizenship status of parliamentarians is another. And this isn't a temporary blip. For too many years we've been treading water while the big challenges of our time – climate change, inequality, the future of work, sustainable growth, and Australia's place in the region – have gathered steam. We need better answers, and we don't have any more time to lose.

What's clear from our research is that Australians are up for the challenge of rebooting their political system. The community has shown it can lead the way in finding agreement on fresh ideas to drive new policies for Australia's future. This is not just a matter of reforming the system of government and its processes. It means ensuring the best contemporary policy ideas rise to the top.

Reforms to the form and function of our democracy strongly backed by Australians include a federal anti-corruption commission (77% support), four-year parliamentary terms at the national level (58% support), more diversity in the parliament (59% support) and a tougher code of conduct for parliamentarians (79% support), embedding the public sector in more parts of Australia (75% support), putting citizens on parliamentary committees (68% support), giving public agencies more independence from the government of the day (55% support), and a convention on how we can update the Australian Constitution for the 21st century (57% support).

These ideas are important – and *in a sense*, they are the easy part of renewing Australia's democracy, because Australians want these reforms. The more difficult challenge is developing an agreed vision and purpose for our future which can breathe new life into our democracy. But CPD's research shows there is fertile ground here, too.

Australians also want a rejuvenated public sector that plays an active and effective role in policy development and the delivery of human services. They want business to invest in building shared, sustainable value. They care about the wealth of nature, not growth at all costs. They want a stable democracy, not a static one that refuses to change with the times. They want programs that work and are rigorously evaluated by government. Above all, they believe in Australia and believe we can and must do better if democracy is to deliver for all.

Australia's progress this century isn't inevitable. We must all be up for the challenge of renewing our democracy so that it is fit for the ages.

In times of great crisis, such as the Second World War and the period of national development which followed, government and the community have rallied with new ideas and determination. We need a similar national effort now to navigate the most uncertain policy and geopolitical period since the height of the Cold War. We can start by responding to a clear desire in the community to reform our democratic system and processes, and for fresh policies driven by better ideas, not ideology.



**Terry Moran AC**  
Chairperson



**Travers McLeod**  
CEO

## INTRODUCTION

It's democracy, stupid!

Or so it seems as democracies around the world appear to have lost the knack of solving big policy problems, or facilitating solutions to them. Many are in a state of policy inertia, with huge gaps between community expectations of government and what government, as configured, can deliver.

The global context only raises the stakes. The [geostrategic environment](#) hasn't been this uncertain since the height of the Cold War. [Populism](#) is on the march. [Trust](#) in democratic institutions has fallen. Young people are [turning away](#) from democracy and often [confused](#) about how it works in practice.

Australians don't need to be briefed on the Brexit negotiations or the histrionics of the Trump administration to realise democracy and the international rules-based order face profound pressure across the globe. We aren't immune to this pressure, although we might not be as alarmed as our friends in the United States.

A meeting of political scientists at Yale University in October 2017 thought democracy could be [toast](#) if present trends continued. Even more startling was the revelation that "the people who study democracy closest can only tell us what's wrong. They can't tell us what ought to be done".

What's clear is that treading water won't do.

For much of the past decade in Australia, the volume of political debate seems to have been turned up, but long-term policy wins have been in short supply. It's natural to doubt, as many do, whether democracy, and the system of government that has delivered the developed world's longest run of economic growth, is fit for purpose.

*The Lowy Institute's [2017 poll](#) found that only 60% of Australia's voting-age population believe that "democracy is preferable to any other kind of government". Those aged between 18-29 were even more ambivalent, with only a slim majority (52%) preferring democracy. The number rises to 70% for those aged 60 years and over.*

There is a question mark over assumptions that have underpinned Australian public policy for decades, such as the nature of growth, economic structure, the role of government, and the delivery of human services. Clearly, there is also a question mark about democracy.

"The question everyone is asking", Gareth Evans wrote in his 2017 memoir, *Incorrigible Optimist*, "is why effectively functioning liberal democracy is under strain". He argued that one common answer – which is that economic, security and cultural anxieties have been mutually reinforcing – is unconvincing, or at least incomplete.

Evans suggested another answer, which was that we haven't listened to the community enough.

This answer was reinforced when 62% of Australians and 89% of Australian federal electorates made their support for marriage equality clear in a postal survey conducted by the Australian Bureau of Statistics. It says a lot about Australia's democracy that it took a non-binding postal survey to convince the Federal Parliament to use the authority it already had. Love won, but the system lost.

Social researchers at [home](#) and [abroad](#) are telling politicians they should listen to the community more, too.

In this spirit, the Centre for Policy Development (CPD) partnered with ANU Professor Glenn Withers AO and the research team at Essential to replicate two previous studies on public attitudes to government. They are the 1994 study, *Public Expenditure in Australia*, undertaken for Prime Minister Paul Keating’s Economic Planning Advisory Commission, and the 2015 study, *Australia’s Comparative Advantage: Public Preference Study*, undertaken by the Social Research Centre. Glenn Withers was the lead researcher on both these projects, and has advised on the third study conducted exclusively for CPD by Essential in October 2017 (online survey based on 1,025 respondents).

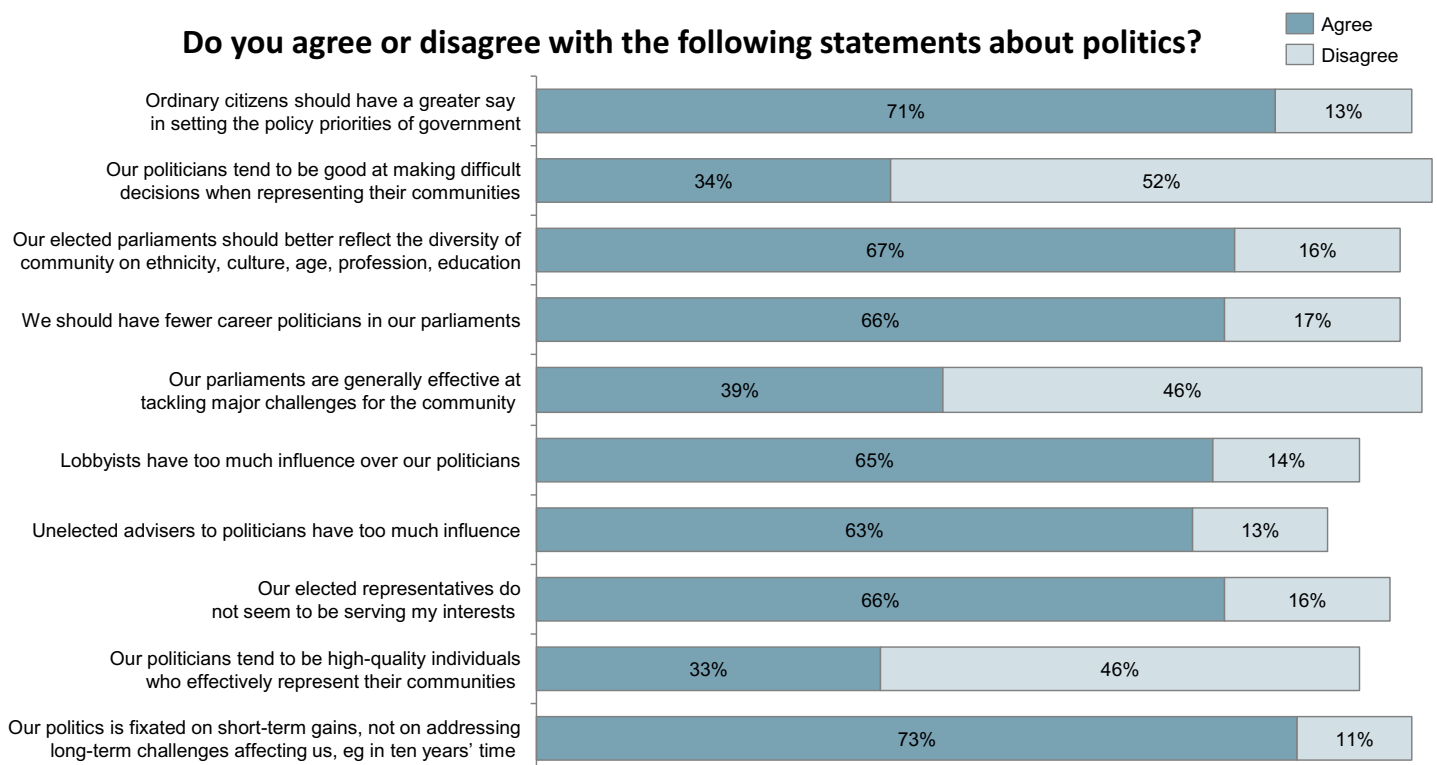
This discussion paper, written to coincide with the CPD’s 10<sup>th</sup> Anniversary, focuses on how Australia’s democracy can deliver. It draws on the attitudes research and insights from a [special roundtable](#) on Australia’s democracy CPD convened on 10 November.

In what follows, we highlight the strengths of Australia’s democracy but argue we can no longer delay addressing its looming flaws. We suggest making Australia’s democracy fit for purpose isn’t just about fixing systems and processes. In many respects, that’s the easy part, because Australians want to do that.

The harder challenge is what needs to change on the policy front.

## AUSTRALIA’S DEMOCRATIC “BARGAIN” TODAY

Australians love a great deal. It’s in our DNA. And most of us, for many years, have relished the “bargain” that is Australian democracy. Not right now, though, if the answers in the Essential Study for CPD are any guide.





**“There is no ‘bargain’ in Australia right now. The market approach denies universal goods. We need a sense of solidarity.”**

Roundtable participant

Speaking in October 1942, Robert Menzies [observed](#) Australians “disagree among ourselves on almost every conceivable subject, but we are all democrats”. Our faith in democracy was “a source of strength but also one of our greatest dangers”. For Menzies, democracy was like a piano that had to be played: “we must understand and experience democracy if democracy is to be a living faith and is to survive”.

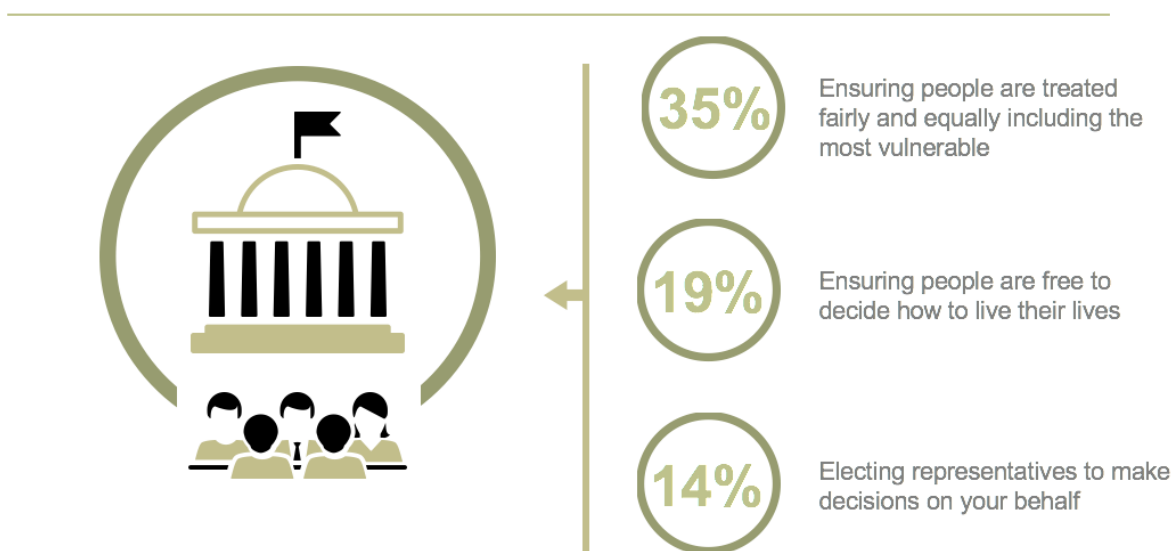
So how well is Australia playing the democracy “piano”?

At the very least, the piano is out of tune. Democracy must be seen to deliver. And it’s not delivering. 73% of Australians agree that politics is “fixated on short-term gains and not on addressing long-term challenges”. Australians over the age of 55 were more negative: 88% agreed our democracy isn’t tackling the long term now.

To *play* democracy well, Menzies believed, meant looking beyond the mechanics of electing a government to what was in the public interest: “if, as a voter, I am concerned only with my own advantage and am indifferent to the cost to others, I am simply corrupt”. Democracy, and democrats, must “lead the way into a better world”.

It seems Australians agree.

### What Australians think the main purpose of democracy is



Around one in three Australians (35%) believe the main purpose of democracy is about “ensuring that all people are treated fairly and equally, including the most vulnerable in the community”. This rises to nearly one in two Australians (48%) for those earning between \$78,000-\$104,000 per year. The average full-time income falls [within this range](#), as do [approximately](#) 1.5 million Australians. The next most common response (19%) said the main purpose was “ensuring people are free to decide how they live their lives”. Only 14% believed it was electing representatives to make decisions on their behalf. Other responses chosen as the main purpose of democracy

included "ensuring that no one person or organisation has too much power over the community" (12%), "protecting people's individual rights and liberties" (10%), and "enduring the community is governed by fair laws" (9%).

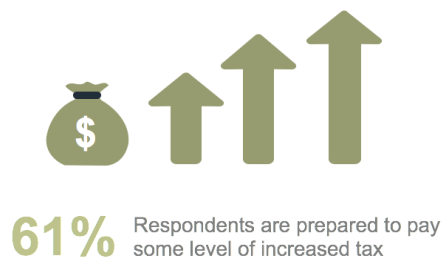
This tells us a few things about Australia's democratic bargain.

First, it's about more than voting governments in or out. The bargain is *purposeful*. It's about ends (policy aims and outcomes) as well as means (elections).

Second, the bargain is *big*.

Unlike Americans, Australians want an active government that boosts equality and protects the most vulnerable. Australians believe government can be a "[productive partner](#)". Australians have consistently believed essential services like health, schools, social service payments to the elderly, and economic infrastructure are under-resourced. They value these services because of their community benefit, not because of any personal dividend. On average, 61% of respondents in the Essential Study were prepared to pay some level of increased tax for more service spending.

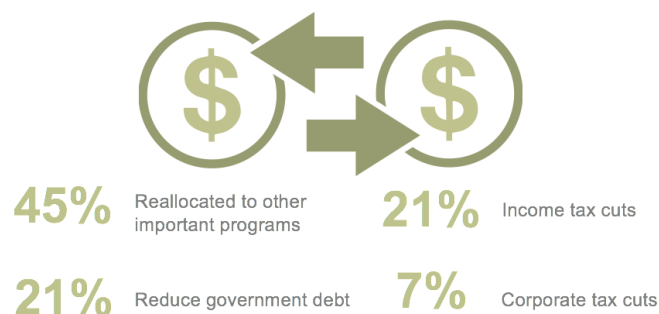
**Australians have consistently been prepared to pay more for essential services like health, schools, and economic infrastructure because they benefit the community**



Lastly, the bargain is about *more than government*. Holding the mirror up to stakeholders who interact with the policymaking process is part of the bargain.

Politicians aren't the only ones being tested, constitutionally or otherwise. Advisers and lobbyists are too. Former mandarins have called for a [royal commission](#) into the Australian Public Service (APS). [Business](#) is trusted [less](#) than the APS and state and federal parliaments. In 2018 the Hayne Royal Commission will focus on misconduct by the financial sector. Many larger corporates seem better at belt tightening, including their services to the community and employment numbers, than investing creatively in the future of the Australian economy.

**Where Australians think spending should be cut, they would rather the revenue is reallocated to other programs, used to pay down debt, or returned as income tax cuts**



# AUSTRALIA'S DEMOCRACY: HALF FULL OR HALF EMPTY?

There is much to love about Australia. Rebecca Huntley's research [discovered](#) those from outside the country and new arrivals to our shores view Australia as an "extraordinarily affluent and lucky nation".

Plenty of statistics back up this glass half full take on Australia's democracy.

- ◆ We're the only OECD country to have had constant economic growth since 1991 ([averaging](#) 3.2% p.a.).
- ◆ Over a similar period, living standards have grown considerably for most Australians. Between 1994- 2016 the real median household disposable income [increased by 63.5%](#).
- ◆ We boast a quarter of the world's top dozen most [liveable cities](#).
- ◆ We're living longer, healthier lives, with [average life expectancy](#) for a newborn Australian now 82.
- ◆ We have a relatively low national [unemployment rate](#) of 5.4%.
- ◆ We lead the world in the [proportion of households](#) with solar PV systems ([over](#) 1.65 million [installed](#)).
- ◆ We're one of the most welcoming and multicultural societies on earth, with huge community [benefits](#).

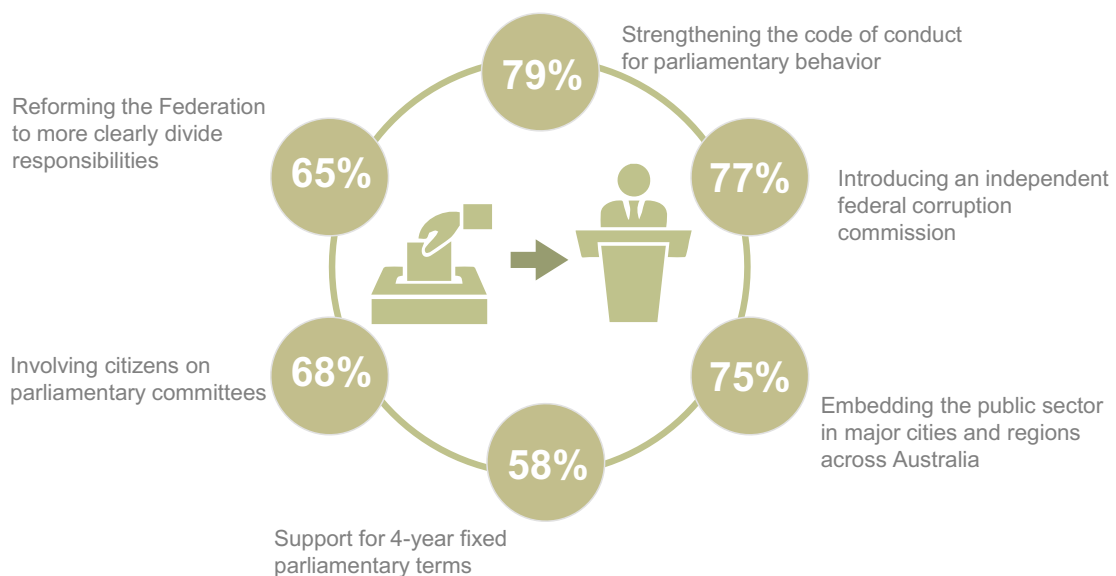
## Glass half full: systems and processes

The other reason an optimistic take on Australia's democracy is possible is because of the Australian psyche described by Huntley and revealed in the Essential Study for CPD.

Both make it clear Australians [believe](#) "we are a country that has been complacent and can afford to be so no longer" and that, unlike the United States, we believe many of our problems are "fixable". We don't want to blow the system up or drain the swamp.

There is a clear consensus on what sorts of changes to systems and processes could make a difference.

## Strong support for reforms to improve form and function of our democracy





These ideas, for which there is strong backing, speak to how our democratic institutions are constituted, how they consult with the community, and how they are monitored. Broadly, they include:

- ◆ Diversifying representation in the parliament.
- ◆ Lengthening parliamentary terms at the national level.
- ◆ Reducing the power of the executive branch and monitoring abuses of power.
- ◆ Boosting the integrity of democratic institutions.
- ◆ Improving the quality of parliamentarians and policy advice.
- ◆ Reinforcing the quality, capability, and independence of the public service.
- ◆ Increasing citizen involvement in the policymaking process.

***“I couldn’t have been more engaged with democracy and have had very few wins.”***

***“People do want to participate but they think the system is rigged and they don’t want to participate in a rigged system.”***

***“People want to participate in democracy, but not in the democracy we have now.”***

Roundtable participants

The importance of genuine citizen engagement in democracy and the policymaking process was emphasised by roundtable participants as one example of the paradox of Australia’s democracy (and parliamentarians) listening but not hearing. The postal survey for marriage equality provided ample evidence that Australians haven’t switched off. So too did the extensive [community consultations](#) carried out by Paige Burton, Australia’s 2017 Youth Representative to the United Nations.

Often, however, old fashioned methods (not least post!) remain the norm, instead of smarter engagement with new forms of communication. Australians are avid users of [social media](#), for example, with Facebook (15 million users), Instagram (9 million), What’s App (5 million), and Twitter (3 million) all popular. Nearly two thirds of Australian Facebook users are under the age of 40.

Would fixing the systems and updating the processes cure the deficiencies of our democracy? That’s the million-dollar question and for some, the main game in renewing Australia’s democracy. If the answer is yes, focus should shift to securing political agreement to these reforms. The surprise rejection by the Turnbull Government of the [Uluru Statement From The Heart](#) suggests it isn’t just about citizen engagement. The outcome of the most consultative process in decades wasn’t advanced by government, indicating that getting the people involved in policy development won’t necessarily generate change. Institutional reform like four-year terms and a federal anti-corruption commission won’t entirely fix the systemic foibles, either.

Regardless, changes to systems and processes are [vital](#), and Australians are ready for these reforms.

## Glass half empty: services and priorities

Democratic systems and processes must be judged not by design principles but by what they deliver to society. Put another way: Australians are less interested in the system than what comes out of it.

When we look at three broad outcomes produced by the current system, Australia’s democracy presents a much more pessimistic or glass half empty picture. In this view, changes to democratic systems and processes will be insufficient to make Australia’s democracy fit for purpose.

## 1. Who wins and who loses

Despite a record run of economic growth, the gains of globalisation and digitisation are being unevenly distributed. Many Australians feel left behind, and are falling further behind.

Inequality, especially [wealth inequality](#), is more [pronounced](#). An ASX100 CEO [earns](#), on average, nearly 78 times more than an [average worker](#). Newstart and Youth Allowance recipients are \$110 and \$159 per week [below the poverty line](#) respectively. Superannuation is just one example of the [gender pay gap](#).

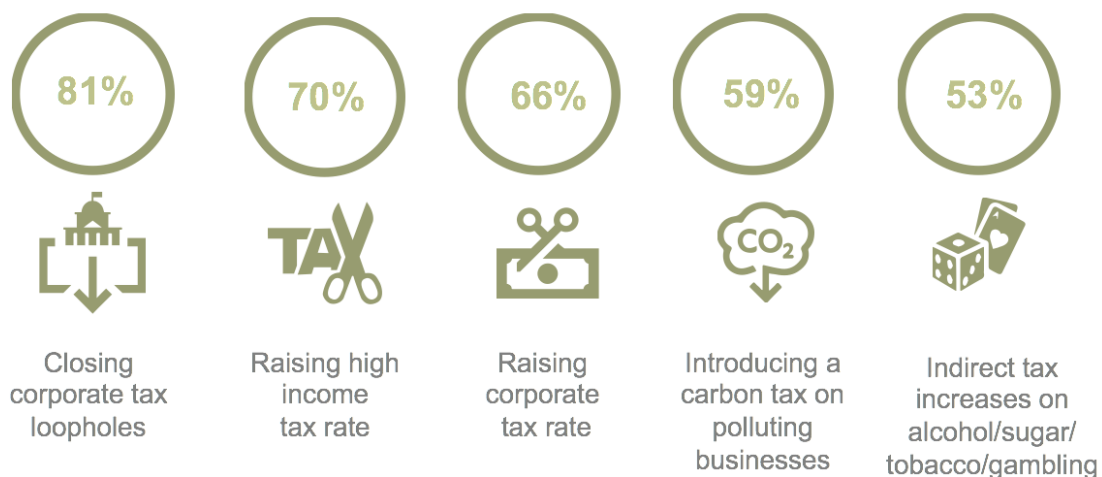
Economic growth is now tepid ([1.8%](#) last financial year). Discretionary spending is [falling](#). And growth itself [is not enough](#), as Ben Bernanke, former Chair of the US Federal Reserve, has pointed out. The expansion of real output per capita in the United States by 80% since 1979 only resulted in an expansion in median incomes of about 7%. Real wages for many Australians have been going [backwards](#) recently, too.

Women have been among the biggest losers in our current system. Average full time weekly earnings are 15.3% less for women than men, equating to around \$250 per week. The [gender pay gap](#) is largest for managerial positions, and rises to nearly 30% in the financial and insurance services industry. Women who retired last year had an average super balance of \$157,000, [while men](#) could draw on an average of \$271,000. And what's worse, many women do not live free from fear: 25% have experienced [physical violence](#) since turning 15. Domestic violence is the leading preventable cause of death, disability, and illness in women aged between 15 and 44 years.

Policy failure is even more stark when it comes to our Aboriginal and Torres Strait Islander [community](#). Indigenous Australians don't live as long as the rest of us. Their health, education and employment outcomes are far worse than the national average. Perhaps most shamefully, Aboriginal and Torres Strait Islander people are [14 times more likely](#) to be in custody than non-Indigenous Australians.

Australians are suspicious of a system producing fewer winners and more losers. Awareness of corporate tax avoidance reinforces this, especially the latest ATO data showing [one in three](#) of Australia's [largest companies](#) paid no tax in 2015-2016. The view that not enough companies pay their [fair share of tax](#) is reflected in where Australians want additional revenue to come from.

### Support for the following revenue raising measures



## 2. Employment and digitisation

It's over a decade since Peter Costello's last set of [budget papers](#) reported that a joint government business [taskforce](#) would report back to the government by 31 May 2007 on "a workable global emissions trading system in which Australia would be able to participate". We now have electric cars, but no domestic price on carbon. [Over the same period](#), electricity prices have [risen by 63%](#).

On top of these [cost of living pressures](#) are the immense challenges for those in and out of jobs.

Wage growth is at the [lowest level](#) in more than two decades. Workers in the gig economy are increasingly [vulnerable](#). The long-term unemployment and underemployment rates remain [stubbornly high](#). The underemployment rate has [increasingly diverged](#) from the unemployment rate since February 2015, and is now at 8.5%. And our outsourced employment services system, *Jobactive*, is failing our most vulnerable jobseekers, as CPD [research](#) and the [latest government data](#) has shown.

*Women made up 56.9% of underemployed workers in November 2016. Workers with the highest underemployment rates were sales workers, labourers, and community workers.*

Reform continues to lag well behind major structural change in the economy. Climate change is one example of structural change. Automation of [work](#) is another.

*Plenty of jobs, [perhaps 40%](#), look set to disappear by 2035 due to automation. [All jobs](#) will be impacted. This could unleash huge productivity gains, but we're not sure where the new jobs will come from, and whether the new [work smarts](#) needed (for up to 5 careers and 17 jobs per person) will be in large supply. We know "work" in essential human services [won't disappear](#), but it's often [unpaid or poorly remunerated](#).*

Poor job outcomes have also become the [Achilles heel](#) of Australia's proud record of refugee resettlement. [Settling Better](#) showed the triple dividend on offer if Australia can settle refugees better by finding them jobs faster. A modest improvement would produce \$2.5 billion more income for refugees and their families over the next decade and almost \$1 billion more for the government. The benefits are far more than financial. Better job outcomes will strengthen social cohesion and reduce alienation and extremism – not just amongst refugees, but also amongst established members of the Australian community who might fear or resent newcomers.

Accelerated technological change and digitisation, if properly harnessed, could [lift](#) Australia's GDP by as much as 3.5% (or \$136 billion) by 2034. But there are fears digital disruption could lead to greater concentration of wealth. There is also an open question as to whether the [impact](#) of disruption on government will be "positive, value-creating and reinforce the best of government and public services or destructive, value-destroying and undermine the role of government". Although 99% of Australians [think](#) they would benefit if the latest technology is used for service delivery, and 72% believe it will benefit service quality and accuracy, only between 12-16% of Australians strongly agree that any level of government is "using technology well to deliver services".

### 3. Future for our children

Australians can no longer be confident the next generation will have it better than the last. There is a [widening wealth divide](#) between young and older Australians. Students are struggling to [pay off debts](#) from higher education and vocational training. Business is [worried](#) workers can't afford reskilling and retraining. Workers are wondering if they trained for a world that [no longer exists](#). And no amount of skimping on [smashed avocado](#) can make [housing more affordable](#).

There are three key reasons Australians appear to be doubting the future.

The first concerns *policy priorities*, largely with respect to competition policy, deregulation, and outsourced service delivery under public choice theory. The community doesn't seem to be benefiting from the privatisation of public assets. A bipartisan panel recently found that Victorians weren't benefiting from the retail electricity market and [recommended](#) re-regulation. The ACCC has shown the gold plating of electricity networks has been the [primary cause](#) of dramatic rises in power prices.

***“Regardless of whether the proposed intervention is good or bad, people are prepared for government intervention in markets they think are not working in their interests but rather in the interests of big companies.”***

Roundtable participant

On top of this, Australians are increasingly sceptical of outsourcing complex human services, and are consistently shown to value public over private provision. Energy, vocational education, aged care, and employment services are all areas where [blind faith in outsourcing](#) isn't delivering.

**Australians are very sceptical about outsourced social services.  
Government is seen as the ‘better’ provider on key indicators  
(cost, accessibility, quality, accountability, and affordability)**



Most people want government to retain the skills and capability to deliver services directly

The second reason concerns *policy assumptions*. [Neoliberalism](#) is on the nose. There is a [question mark](#) over assumptions that have underpinned public policy for decades, such as the nature of growth, economic structure, the role of government, and the role of markets. Microeconomic reform and a predisposition for outsourcing as the basis of public policy and delivery of human services is failing. The pendulum is swinging back toward more active and effective government.

Many roundtable participants thought fault lines are emerging in Australia's democracy because the assumptions of liberalism have proved to be flawed, particularly the idea that individuals pursuing their own private interests will automatically deliver collective benefits. Liberalism in this form fails to give expression to a sense of community or assign due value to public goods that might be universally valued, like education and healthcare. On their own, liberal structures like markets cannot deal with damaging externalities like inequality and climate change.

The Australian context has similarities and differences with the rest of the world. It is telling, however, that the Institute for Public Policy Research (IPPR) in the United Kingdom has also concluded recently that “the British economic model needs fundamental reform” because it is not “generating rising earnings for a majority of the population” and leaves young people “set to be poorer than their parents”. The interim IPPR [report](#) found the neoliberal settlement had broken down, much like the established economic order broke down after the Great Depression and during the 1970s. It called for a “new settlement” to be forged.

The third reason concerns *nation building*. Simply put, Australia lacks a national purpose, and a broader view of progress. In 2011, then Treasury Secretary (and now Australia’s top civil servant), Martin Parkinson, [argued](#) that “the theme of sustainability will need to shape the approach to policy development of this generation”. His view was that sustainability required each generation to bequeath a stock of capital – including physical and financial capital, human capital, environmental capital, and social capital – at least as large as the stock it inherited. His fear was that Australia might be on an unsustainable path and not realise this until it was too late. The speech was indicative of broader approaches to wellbeing, growth, and productivity which have now receded.

Despite boasting a [\\$2.3 trillion superannuation](#) industry, [business investment](#) in the economy is [lagging](#). For a country that loves a punt, we aren’t great at backing new ideas. We ranked 23<sup>rd</sup> in this year’s [global innovation rankings](#), and 45<sup>th</sup> in patent applications. Public and private spending on research and development is [below the OECD average](#). Catalytic public investment in infrastructure, including in education and the environment, is still [lacking](#), even though the modern economy [depends on it](#).

## Top 5 policies Australians think the federal government should pursue

---



Investing in economic infrastructure to support growth and productivity



Providing better job security for all people



Boosting wages to support growth and productivity



Investing in R&D to find new tech and innovations



Shifting to clean, renewable energy sources

There is a danger here of misreading the mood. On the one hand, there is some seepage into Australia of the public's view of populism in Europe and the United States, especially the open versus closed [schism](#) dominating debates abroad. But we aren't there yet, thankfully, and there is a danger of confusing perceptions with reality.

On the other hand, there are signs the post-Second World War policy cycle has come to an end. After half a century of deferring to economics and markets in a way that has detracted from understanding how complex delivery systems and communities work in practice, the public wants something more. As Harvard Professor Dani Rodrik [wrote](#) recently: "The economists who let their enthusiasm for free markets run wild are in fact not being true to their own discipline".

Better ideas, not ideology, must drive policies and programs for the next fifty years.

## WHAT NEEDS TO CHANGE?



*"There is a shortage of ideas that can successfully navigate the political process."*

Philip Lowe, Governor of the RBA

Australians perceive their democratic system as broken, controlled by vested interests. For democracy to thrive, it must be seen to deliver. Right now, it isn't.

Unlike some other countries, however, Australians are alive to complacency in the system and want to fix it. We broadly agree on overdue reforms to systems and processes to transmit good ideas into action faster. These include better ways for communities to engage with politics and policymaking, like citizen juries and membership of parliamentary committees. Our geography and the divergence of urban, regional, and rural perspectives make this imperative.



But changing the form and function of politics isn't a panacea for better policy. Rewiring Australia's democracy means refocusing on the objectives and priorities that Australians perceive to be at the heart of more effective government, such as:

- A society that expands opportunity and reduces inequality;
- An economy that is clean, innovative, and productive;
- A government that is active and effective; and
- A country that is respected for its leadership and cooperation.

This discussion paper doesn't pretend to have all the answers to make Australia's democracy fit for purpose. But our attitudes research and the special roundtable have generated decent ideas. For the purposes of this paper, these ideas have been limited to those beginning with the first six letters of the alphabet.

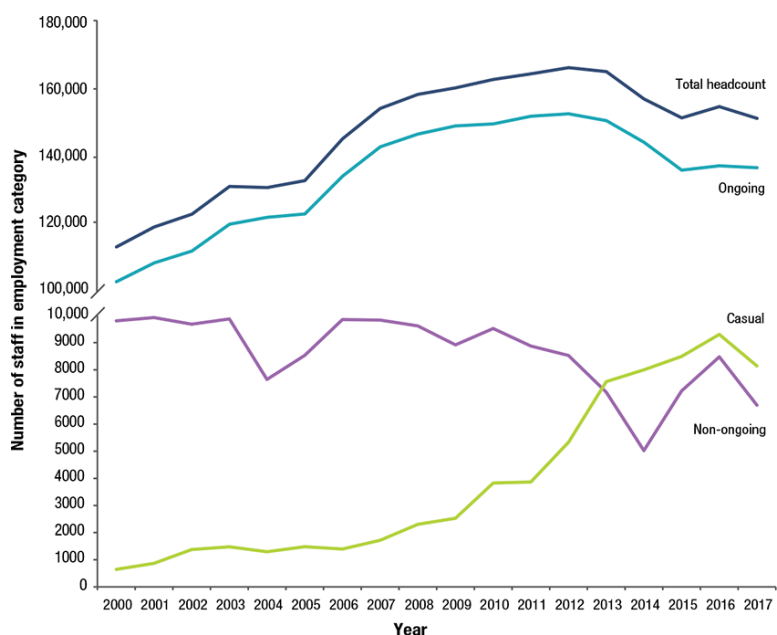
### A is for the Australian Public Service, and for Asia

**“The starting point for renewing Australian democracy is to reinvest in the creative elements of our public services, enriched as they must be by direct experience of the services that Australians expect government to provide”.**

Terry Moran AC, November 2017

Improving the health of Australia's democracy requires the best policy ideas to rise to the top. This won't happen without sufficient investment in the Australian Public Service. As argued by CPD's Chairperson, Terry Moran AC, following our November roundtable, it's time for government and the public service to get [back in the game](#) – both in terms of policy and in terms of service delivery.

Shoring up public sector capability as Australia navigates a period of uncertainty and enters the fourth age of public administration is paramount. The reality, however, is that successive governments have gutted and reverted the APS, stripping it of specialist capability and service delivery experience. The latest figures from the Australian Public Service Commission (APSC) reveal the APS headcount continues to [trend](#) downwards.



Source: [APSC](#)

**“Governments now rely on external advice on policy because governments have hollowed out the thinking elements of the service, the historical knowledge. There is no policy brain.”**

**“The Blueprint for Reform of the APS in 2010 was a lost opportunity to transform the public sector to be much more citizen-centric. We’re now paying the price for not acting quickly enough and intensely enough on that.”**

Roundtable participants

The dominance of a one-dimensional version of economics and gutting of key areas means the APS can be a one-trick pony. It seems to have lost the knack of providing specialist advice. And it suffers from a lack of proximity to the people.

Reinvesting in policy memory and capability, greater independence, and service-delivery experience is a necessary condition for the APS [to](#) “think for itself and be the crucible for reform and bulwark of legitimacy that it can and must be for Australia to thrive.” Decentralisation of parts of the APS – not just to Sydney or Melbourne – should be part of its 21<sup>st</sup> century roadmap, especially if it is to take a more active role in service design and delivery in concert with local governments and community organisations. That role will only be clarified if there is an honest assessment and independent review of outsourced human services.

**“Currently 62% of the public sector is outside of Canberra, but half of those are in Sydney or Melbourne. Getting out of the CBD is a good idea.”**

Roundtable participant

One consequence of not treating the APS like an asset is that it becomes more difficult to nurture democracy and diplomacy together. Marty Natalegawa, former Indonesian Foreign Minister, [argued](#) in CPD’s inaugural John Menadue Oration in November that “the distinction between internal and external domains is increasingly tenuous, such that for all practical purposes they have become one”. He called this the *intermestic*. Food and energy security, the environment, the management of the economy, migration and the flow of refugees, health, and terrorism were provided as examples of *intermestic* issues that “defy solely national solutions”.

Countless reviews and white papers have told us to [prioritise Asia](#), but we still don’t have a clear Asia strategy. What’s more, the capability to straddle the regional and domestic realms within and across the APS has fallen [away](#). An APS asset that should be growing rapidly has been depreciating. This is at odds with a Foreign Policy White Paper that announced in late November that the Federal Government would “develop a stronger nation brand that better positions Australia in the eyes of the global community” and [affirmed](#) that “having the ability to influence the behaviour or thinking of others through the power of attraction and ideas is also vital to our foreign policy.” But it’s consistent with the announcement that to “maintain our strengths in this area, and to ensure our capabilities and areas of focus will keep pace with changes in technology, the Government will conduct a review to ensure we continue to build soft power and exercise influence effectively”. That review should start with the APS. Australia desperately needs its own “[long telegram](#)”, one that looks outward at the same time as building *intermestic* policy thinking across government. Yet our foreign policy and aid establishment has been [deprived](#) of the resources, capability, and enabling culture to write one.

**“Asian literacy and international capability [in the APS] is much less than what it was a decade ago.”**

Roundtable participant

### **B is for Business**

Australian companies, not least the banks, are increasingly having their reputation and social license to operate questioned. One roundtable participant put it bluntly when observing that “big business is seen as lower in terms of trust than government and the public sector. The population thinks that we’re paid too much, that we don’t pay our taxes, and that we treat our suppliers like crap.”

Business and markets can be forces for good, but an obsession with quarterly results and shareholder return on investment clouds a [firmer commitment](#) by corporations to the future, and to [society at large](#).

While attention will soon shift to the Hayne Royal Commission, it’s worth noting several businesses have decided to be the change their customers want to see. They’ve done so by aligning investment and strategy around international trajectories and commitments Australia has signed up to – the Paris climate targets and the 2030 Sustainable Development Goals (SDGs) – which provide roadmaps for business to grow capital for the long term and position themselves for the future.

A recent *Brookings* survey found even Canada needs to [ramp up its ambition](#) if it wants to reach the SDGs. Of 73 SDG-relevant indicators, Canada was found to be on track for only 17, with 12 needing acceleration, 26 requiring a breakthrough, and 18 going backwards. It is in the pursuit of the SDGs that Australia’s businesses and investors, especially superannuation funds, can be genuine stakeholders with government to deliver lasting community, not just shareholder, returns. The SDGs pick up the big policy challenges and opportunities facing all Australians, including a quality education, affordable and clean energy, reduced inequalities, gender equality, sustainable cities and communities (including safe and affordable [housing](#)), climate action, decent work, and economic growth. They connect directly to the international agenda for inclusive growth.

*Argentina's slogan as President of the G20 in 2018 is "building consensus for equitable and sustainable development". President Mauricio Macri has said this agenda will focus on "inclusive growth" and speak to his country's "democratic and multilateral identity". Their priorities will be the future of work, infrastructure for development, and food security.”*

Several roundtable participants also spoke of the need to energise business by fixing national competition policy. The view of many was that current policy reinforces oligopolistic market practices and concentrates winners, especially in the energy, banking, finance, and service delivery sectors. More effective and modern competition policy would ensure a greater focus on consumers, on outcomes, and on service quality, rather than cost and affordability. It would also inject more resources into the ACCC to detect and prevent insidious activities in the economy. Companies seeking mergers or acquisitions might bear the onus of demonstrating their proposal is in the national interest before approval, rather than the reverse, which requires the ACCC to show that it is *not*.

**“Do we actually comprehend the severity in the decline in the Great Barrier Reef over the past five years?”**

Roundtable participant

The obvious “C” is climate change. Its evolution – and the paralysis of policy responses – [exposed](#) “the least obvious crisis of the 21<sup>st</sup> century: our crisis of democratic governance”. Our collective failures on climate change are perhaps the most shocking symptom of this crisis – but even if we find a way to treat that problem, the system itself requires a much broader cure. To renew the system, we should adopt a correct view of capital, value collaboration as much as competition, and boost local communities.

Much of CPD’s research in our [Sustainable Economy Program](#) has been about taking an accurate view of capital. For too long the focus has been on measuring material resources, not the full stock of capital – physical and financial capital, human capital, environmental capital, and social capital – required to deliver sustainable wellbeing across generations. The [Oxford Martin School and the Institute for New Economic Thinking](#) confirmed last week that we ignore the declining wealth of nature at our peril. Among a series of recommendations was a call for Natural Capital Committees across government. Australia used to lead on this front, but in the past five years we’ve abolished [Treasury’s Wellbeing framework](#), the ABS [Measures of Australia’s Progress longitudinal data series](#), and the [National Sustainability Council](#). We started doing the hard work [counting what matters](#), but haven’t followed through – in fact we’ve gone backwards.

The [recent call from APRA](#) for scenario analysis and stress testing of climate risk against the Paris Climate Agreement targets is one example of where government, regulators, investors, accountants, actuaries, and business must get serious about valuing capital correctly, and a consistent approach to measurement and disclosure.

Social capital is vital, too. Renowned political scientist Robert Putnam’s [work](#) has shown the importance of communities to thriving democracies. His work on Italy highlighted how choral societies and other forms of community volunteering were vital to its prosperity. [Bowling Alone](#), made a similar argument about social capital in the United States. This isn’t just about better civics education, important though that is, but finding ways – whether it be through sport, art, music, culture, and technology – to meet communities where they are and lift their collective capital. Some football clubs, after all, have [more members](#) than our [major political parties](#) and use social media more creatively to interact with fans.

*“What does being a citizen in a digital world mean personally, professionally, at the community, national and global level?”*

Kim Williams AO, 2015

Smart policy development for Australia’s future will require unusual coalitions around clusters of issues, often led by communities and stakeholders outside government. The complex problems we face demand collaborative problem-solving. Though its role is crucial, government may not always be in the driving seat. Take, for example, the relationship between cities, congestion, and migration. The intersection of [these issues](#) is where a new coalition of actors must emerge, lest Australia cede the high moral and economic ground on migration because it cannot grow the country in the right places and at the right pace.

Consensus can be built carefully and constructively by [civil society](#). Democracy may be better served by civil society coalitions being a “[solutions hub](#)” for government instead of governments striking a bargain between lobbyists acting on behalf of civil society and business stakeholders. For community-led policy development to work, governments must be willing to relinquish some control, be frank about which policy settings aren’t working, and agree to respond to hard-won agreements. This isn’t an excuse to vacate the field: when problems are wicked and engage many players, government retains chief responsibility for delivering social impact.

### D is for Democracy, for Delivery and Data

Purchasers of new (and some used) cars get signed up automatically for regular services. Sometimes the annual service might generate minor changes, like an oil change. On other occasions, the car might need a new engine.

Australia’s democratic machinery itself hasn’t had a [service](#) in a long time. Of Australia’s five constitutional conventions, only two have been after Federation. The 2020 Summit was an attempt to fashion a long-term plan, but came out of the blue. The 1998 convention was only about a Republic. Important as that is, the last full stocktake of Australia’s democracy was during the 1970s.

CPD’s attitudes research and roundtable discussion made it clear that Australia’s democracy isn’t fit for purpose. As we explained above, the good news is that Australians want to fix it. Below we explore briefly other changes to service delivery, policy development, democratic systems and processes that are worth considering.

#### Local Delivery

Australians want their governments to be active and collaborative players in delivering human services, not just investors, and for services to be reconnected with an ethic of public service. CPD’s attitudes research suggested local government may increasingly be the best place from which to deliver these [critical services](#). For this to happen, federal funding must be better connected with integrated service delivery at a local level, and government should work in tandem with local government and non-government groups to achieve impact on the ground.

### Local government viewed more favourably, but negative trends across all three levels of government



A greater role for local government doesn't necessarily mean devolution but it does mean more decentralisation of federal and state government agencies so they can engage more directly in communities, especially the design and delivery of aged care, education, health, and employment services.

One shouldn't underestimate the capability challenge here for the APS, nor the importance of strengthening local government institutions by infusing Westminster standards of accountability. Losing the knack of delivering human services has come at a cost. Government cannot wash its hands of what comes next, or shelter behind the contract gate (or an algorithm) and expect outcomes to improve.

### *Policy Development*

We can do more to rebalance power between the executive, the legislature, departments of state, and independent agencies. CPD's attitudes research revealed that 58% of Australians support giving public agencies greater independence from the government of the day to develop and pursue policies in key portfolios like transport, communications, and the economy. Only 18% opposed the idea. Proposals for [independent policy](#) and [fiscal commissions](#) have been around for some time now, as have smaller agencies and statutory corporations allowing governments to draw on the best policy advice and expertise available (such as the Business Higher Education Roundtable) or make catalytic public investments (like the Clean Energy Finance Corporation). Provided the governance arrangements are sound, and, with appropriate legislative oversight, these proposals have considerable merit.

Much of what Australia has done in the past to lengthen policy horizons has been applauded around the world, whether we consider the RBA, the Productivity Commission, Infrastructure Australia, or the Intergenerational Reports. We have been a leader in this respect. But Australia's capacity to safeguard the long-term has become a mirage. Take, for example, our Parliamentary Budget Office. Its [submission](#) to the 2014 National Commission of Audit compared its powers to similar institutions in the US, UK, Canada, and South Korea. The results revealed a toothless tiger. Even the Intergenerational Reports have become [hostage](#) to the government of the day.

Right now, the engine room of policy development is shackled by path dependency. It no longer delivers competent, future-focused policy that reconciles expert and community opinion, gains and sustains a long-term consensus, and devolves or projects solutions within or across borders. Part of this is due to a loss of institutional agility in thinking, planning, and delivering over the long term.

More institutional independence in the policymaking process would improve policy design, lengthen policy horizons, and mitigate the [devastating impact](#) of successive machinery of government changes. They might also resurrect the concept of "disinterest". Being [disinterested](#) should not be confused with being uninterested. Quite the opposite. It requires one to put to one side self-interest and work objectively, using proper process, to discover the public interest. It also means not shying away from disagreements, but openly [airing conflicts](#) such that the strengths and weaknesses of a given argument can be understood and the common cause advanced.

***“Often [machinery of government changes] are driven by the need to divide up the political spoils with no real impact on the population...but potentially huge destructive impacts on both policy and engagement with relevant communities.”***

Roundtable participant



Earlier, we illustrated the reforms to the systems and processes of Australia's democracy that have clear public support, such as four-year federal parliamentary terms. Other reforms that received clear backing in the attitudes research were changing the way in which people are elected to the Federal Parliament so that there is a stronger diversity of representatives. There is also a huge appetite for greater citizen involvement in policymaking, whether it be through citizen juries or allowing citizens to serve on parliamentary committees alongside politicians. Some organisations have advocated a [third house of parliament](#) for this very purpose. David Halpern, the former Chief Analyst in Downing Street's Strategy Unit, has described a [more modest](#) democratic innovation, whereby citizen juries would be used for a set number of issues each year, taking on one issue at a time for a long enough period (as with legal juries). This would allow more evidence to develop on their effectiveness.

### *Regular Stocktakes*

The unexpected but predictable citizenship crisis dominating the Federal Parliament is an example of why we need regular, routine stocktakes of Australia's democracy, including our Constitution. The alternative is an outdated system with fundamental shortcomings that, sooner or later, are exposed in ways that undermine the effectiveness and legitimacy of our public institutions. CPD's attitudes research found that 57% of Australians supported holding a constitutional convention to examine how we can update Australia's Constitution for the 21<sup>st</sup> century. (That number would likely be even higher in the wake of the latest citizenship referrals to the High Court.) These conventions would be more attractive if they were relatively routine, say at least once a decade, and not convened in response to a crisis. Legislation could guarantee any recommendations to emerge would be voted on by Federal Parliament or put to the people via a referendum at the next Federal Election. This would allow the community and politicians to work collaboratively on democratic renewal on a predictable cycle.

### *Data*

One of the many issues the citizenship crisis in the Federal Parliament has exposed is the lack of transparency in our democratic system. New Zealand might be just across the Tasman, but her leaps forward on freedom of information and data mean we are poles apart on [open and transparent](#) government. Greater transparency is vital to the integrity of Australia's democracy, including [real-time disclosure](#) of donations. More [effective use and sharing of data](#) by governments will also be critical to solving modern policy challenges. Not enough of the information government has or the modelling government has done is made available to stakeholders who can use it and improve it. Government must ensure that levels of privacy match the sensitivity of the data, of course, but sharing this data is a necessary condition for progress. The latest modelling by government on the impact of automation, or the green economy, on the future of work, for example, would make a big difference to complementary efforts to address these challenges in business and civil society. So too would public modelling in the physical and transition risks and opportunities under various climate scenarios, including the Paris Climate Agreement targets. We should be less shy about the imperfections of these models, and up for more open sourcing of ideas and responses.

### ***E is for Ethics, Evaluation, and for Employment***

Prolonged weakness in wages growth has been a key driver of growing frustration with an outdated and inequitable growth model. It came as no surprise, then, that "providing better job security for all people" and "boosting wages to support growth and productivity" were two of the top 5 priorities Australians thought the federal government should pursue in the Essential Study for CPD. Government has a pivotal role here, and not just as an [employer](#).

*On the future of work, as with so many other challenges, the role of government is unclear. A digital “new deal” from government with active investments and interventions [will be required](#) if automation is to make us [more brilliantly human](#) and prevent more uneven wealth distribution.*

As the Productivity Commission [wrote](#) in August 2017: “governments are one of a nation’s leading tools for change” largely because of their “capacity to lift public investment in major inputs and enablers – education, health, infrastructure”. Right now, we are [losing the game](#). Addressing education disadvantage and underperformance can [improve](#) “lifetime outcomes for people from all backgrounds” and “reduce job insecurity and wage risks for those whose skills are most at risk for technological change”.

### *Evaluation and Ethics*

A considered look at Australia’s flailing [employment services system](#) is enough to realise our big service delivery systems lack continuous evaluation. Measuring impact – not just the consequences of discrete policy interventions but cumulative, long-term social, economic and environmental outcomes – must become business-as-usual in Australian society. Routine impact evaluation can cut through to show whether and how public policy is making a difference. Done properly, [evaluation](#) holds the key to continuous improvement, learning and innovation. For some, returning to the halcyon days of [green and white papers](#) will do the trick. But proper process is too often the casualty of modern politics. An independent policy office to retrospectively evaluate process and measure impact over the long run will give Australia a data bank about what does and doesn’t work.

The ethics of government and of Australia’s democracy came up several times during our roundtable discussion. On the one hand, this was about integrity, and a desire to strengthen the “[integrity branch of governance](#)” further through an independent federal anti-corruption commission, toughen the code of conduct for parliamentary behaviour, and donations reform. On the other hand, this was part of a much deeper concern about our collective ethics and values as a nation. One participant framed the issue as follows:

***“If [Australia] were a company, we would be talking less about systems and structures and processes and talking more about vision and purpose and culture and engagement. And in the best companies we would be talking about authentic and inclusive leadership around culture and engagement.”***

Roundtable participant

Improving the form and function of democracy should include discussing authentic and inclusive leadership, values and political culture. The hasty rejection of the *Uluru Statement* was cited as an example of an ethically hazardous action by government, putting aside the policy questions.

Although it didn’t probe the *Uluru Statement* specifically, CPD’s attitudes research recorded clear support (62%) from Australians for recognising Indigenous Australians in the Constitution.

### ***F is a Framework for the Future***

***“It’s apparent that we’ve passed the high watermark of reform, the period from the late 1970s to mid 2000s.”***

Roundtable participant

Geoff Gallop, former Premier of Western Australia, wrote the concluding chapter to CPD's 2013 publication, [Pushing Our Luck](#). It was titled: 'The Vision Thing: We Need a National Plan'. He wrote:

*"We can improve our system of government by having the Commonwealth develop a national plan along the same lines as we have seen at the state and local levels of government. A national plan would involve setting out a clear set of objectives for the nation, outlining how success or otherwise is to be determined, designing means to these ends and establishing an independent mechanism for monitoring and evaluating performance. Not only would it bring system and purpose to the way we are governed but also a much needed layer of accountability to both the elected and non-elected arms of government. A move towards an integrated blueprint of government aims and policies would also be in line with developments in government administration in recent decades, no matter which political party has held office."*

Geoff Gallop, 2013

Australia has nothing like the National Planning Commissions of China, India, South Africa; has not experimented with bespoke institutions to safeguard the interests of future generations; or contemplated a cross-party "Committee for the Future" as in Finland to provide longer-term assessments of policy and [regular horizon scanning](#) to understand the impact of new technologies and policy opportunities. We have tried to formulate a national agenda through the Council of Australian Governments (COAG), but that has been infected by politics and talking points.

A clear view to emerge from our roundtable on 10 November was that Australia lacks a roadmap – a framework for the future – and that this is holding our democracy back.

Here we encounter the problem of imagination [described](#) by Frances Flanagan. "The last instance of a societal shift on anything like the scale that is currently required occurred at the end of the second world war", she wrote in May 2017. "Such thinkers and policymakers arguably had an imagination advantage over our age too: a vivid sense of the society they were moving away from – a planned wartime economy – and of the one they were moving towards – a peacetime society not afflicted with the hardships of the Depression."

There are possible roadmaps and white papers out there, including the SDGs, but we haven't pursued them as a nation or developed a concerted national plan. This is a problem for Australia's democracy because, as the attitudes research has shown, it is purposive, about ends as much as means. Right now, a lack of consensus on the ends we seek might be Australia's biggest impediment of all.

In times of great crisis, such as the Second War War and the period of national development which followed, government rallied and led the Australian community successfully with new ideas and determination. At other times of policy paralysis and confusion, like the "[End of Certainty](#)" period of the 1980s, Australian governments harvested the product of a fifteen year debate about the new directions we needed. The broad public support which emerged made possible a period of fundamental change and reform. Several hidden crises loom large and warrant another general community debate about the next steps we must take as a nation to achieve ongoing future success for all of Australian society.

***“Australians constantly have conversations about moving forward. We’re always thinking about how we can do something better. Not a lot of countries have that positive, ongoing conversation about how do we move the agenda forward even if we don’t always agree.”***

Roundtable participant

It’s time to embrace that conversation, make it a national conversation, and take that conversation to Australia’s communities, and to our region. It could be the most important one we have this century.

## CONCLUSION

The title of this discussion paper is "What do Australians Want?". The corresponding attitudes research indicates that while the confidence of Australians in the democratic bargain is wavering, there is an appetite for renewal. Just as importantly, we are largely aligned on what the reforms might look like. Broadly speaking, the challenge can be divided into two parts. Firstly, the systems and processes that frame our system of government. Secondly, the substantive policies necessary to respond to the structural changes upon us. Both must be effectively addressed if Australia's democracy is to remain fit for purpose. That this occurs is far from an inevitability. All leaders and organisations that interact with government must be up for this challenge, not just politicians. It is in this spirit that the 10 November was convened, and that several of the proposals in this paper will be advanced by CPD in concert with others through 2018. We would love your thoughts, so please tell us what you think [here](#).