

**CPD Roundtable, *How can Australia's democracy deliver?*
Hosted on 10 November 2017, Melbourne**

DRAFT RAPPORTEUR SUMMARY

Background and introduction

CPD's motivation for holding a special roundtable on Australia's democracy as part of its 10th Anniversary Series is our belief that successful democracies are stable but not static. We also believe the debate about democratic renewal cannot be resolved by focusing simply on 'trust', 'leadership, and 'deliberation'. It requires a deeper discussion about Australian attitudes to democracy and government, the connection of those ideas and preferences with more effective government, and a clearer shared purpose of what Australia's democracy should pursue.

We sought an interactive discussion about what democracy and the social compact means for Australians today, what the community expects of government (including new CPD research on this question), and what reforms Australia's democracy needs most – new ideas, structures, institutions and processes. We did not attempt to reach an artificial consensus. What follows is a summary that captures the discussion among participants, who are not identified by name. It is set out according to the sessions conducted on the day.

CPD's corresponding attitudes research indicates that while Australians' confidence in the democratic bargain is wavering, there is an appetite for reform. Just as importantly, we are largely aligned on what the improvements might look like. Broadly speaking, the challenge can be divided into two parts. Firstly, the systems and processes that form our system of government. Secondly, the substantive policies necessary to respond to the changes in front of us. Both parts must be effectively addressed if Australia's democracy is to remain fit for purpose. That progress will be made 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 that emerged from the roundtable will be advanced by CPD in concert with others through 2018.

CPD greatly appreciated the contributions and insights from all participants at the Roundtable. People were forthright, civil and constructive in how they approached the discussion, which only got richer as the event went on. It was a privilege to host so many public figures looking to improve Australian democracy.

Session One – What is the bargain between government and Australians today?

We began on an optimistic note, with a straw poll of participants showing that almost two-thirds of the group had a 'glass half full' view of Australia's democracy. Discussion on how the bargain between government and the people has changed pointed to the evolution of government since Federation. Service delivery is now a core responsibility of governments (whether through funding, design or delivery) in a way that was inconceivable a century ago. It was noted that Australia operates more like a 'Republic' because it distributes power across three branches of government. It was suggested that the improper exercise of power has led to the emergence of an unofficial fourth branch of government -- the 'integrity' branch -- which either checks power (e.g. ombudsmen) or supplies independent expertise and decision-making (e.g. RBA, ABS). Some participants saw the emergence of this branch as beneficial. Others cautioned that it risks overly regulating the actions and decisions of public servants and elected representatives, or that reliance on this branch risks papering over deficiencies in the three orthodox branches of government.

One core question that emerged early in this session was whether our frustration with democracy was with the hardware (democracy) or the software (liberalism). Many thought that the fault lines were emerging 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. As one participant stated, *“it’s the system that is broken, not democracy”*. Other participants identified a structural problem with how our democracy was established through the Australian Constitution. They argued that the Constitution was designed in an exclusionary way to deny power to certain segments of the community and that it gave no recognition of stewarding natural capital and the physical world, something crucial to 21st-century sustainable development.

We had a robust debate on the key issue of engaging the public in democracy. During this discussion, some participants cautioned against perceptions that people do not engage, reminding the group that the Marriage Equality postal survey is a recent demonstration of strong community engagement. It may be that some of the apparent reluctance by people to engage with democracy and democratic conversations reflects the way the choices for engagement are presented; the issue may not be any shift in the underlying commitment to the idea and potential of democracy, but more a dissatisfaction with many aspects of the way the opportunity to become involved is often managed and presented. Some participants argued that increased citizen engagement is not necessarily the answer, as the Federal Government’s rejection of the Uluru Statement From The Heart demonstrated. This led to an important point being raised by one participant about the so-called impact of engagement, *“I could not have been more engaged with democracy and I have had very few wins”*. During this discussion, some participants argued that people do not want to be overly engaged, instead relying on their representatives to do their jobs well. Other participants argued people’s attitudes to politics is largely determined by membership of social groups and that community attitudes should be understood through this lens. Engagement was a theme that the group returned to throughout the afternoon.

We also discussed the issue of representation in public institutions, especially parliaments. Several participants stated that many people feel powerless in the present political system. This is because, as one participant neatly put it, *“Australians want to see our parliaments better reflect the diversity of our communities.”*

Session Two – What do Australians want from government?

In this session we tackled on one of the most important questions on the topic of democratic renewal – how well do we actually understand community attitudes and expectations? The discussion started with participants interrogating a series of studies on public attitudes to government and democracy, including:

1. a 1994 study undertaken by the Economic Planning Advisory Commission for Prime Minister Keating,
2. a 2015 study undertaken by the Australian Council of Learned Academies,
3. a 2017 study undertaken by Essential Media and CPD, and
4. recent polling from Essential Media regarding the role of government in national economic challenges (e.g. energy market reform).

Participants were directed to the key findings below, which were then discussed amongst the group at length:

- Health and education are seen as the most important and under-resourced services to the community.
- People have a consistent willingness to pay more tax for essential services that are seen as having great community benefit. Alongside health and education, this includes economic infrastructure and social service payments for the elderly.
- People have a longstanding and strong skepticism about the outsourcing of social services, and want to see government involved in delivery.
- The community has a strongly negative impression of the current state of Australian politics and the performance of government at all levels.
- There is a strong community appetite for democratic reforms to both form and function.
- People believe that the economy no longer works in their interests. Rather it works for large business, which has undue influence over government.

- People currently favour government intervention into the marketplace in order to fix problems. This includes supporting public ownership of assets or parts of the production in key sectors like energy. All sorts of options for intervention, be they ‘good or bad’ are gaining support at the moment.

After canvassing these findings, participants then debated whether we are now at the end of a long cycle of economic reform and prosperity (25 to 50 years depending on your perspective), and if so, what a new era of reform would look like for Australia. There was agreement in the room that whilst there is a growing consensus in the community for a new national reform program, there is no consensus on the main features of it. As discussion of reform began in the room, some participants also questioned whether conditions that allowed the major parties to monopolise power last century are changing and whether new voting coalitions are emerging to match shifting political balances in this century

We then discussed ideas on how to make the economy work better for the community. A number of participants argued that economic regulation, particularly microeconomic reform, had stopped serving the peoples’ interests. As a result, the community was frustrated with a system they saw as unfairly benefitting business over consumers. As one participant stated, *“people do want to participate but they believe the system is rigged and they don’t want to participate in a rigged system.”* Some participants believed that business needed to re-earn public trust, particularly large corporations who are seen to pay their CEOs too much, avoid tax and increasingly deliver inferior services and products. However what concerned these participants is that despite this dilemma, there is a perceived reluctance within the business community for an honest conversation, as a necessary first step to tackling reform on a larger scale.

One response to the above challenges, consistently raised by the group throughout the afternoon, was fixing national competition laws. Some participants saw these laws as outdated, encouraging uncompetitive oligopolies that hurt consumers. Updating these laws was touted as a reform priority. One particular proposal was to introduce a more rigorous national interest test for proposed mergers and acquisitions. Complementing this idea was the suggestion that the ACCC was properly resourced to detect and prevent insidious activities in the economy.

Related to the challenge of identifying the right economic reform, some participants argued that better understanding the lives of ‘insecure populations’ across Australia is a priority. Sections of the community are experiencing heightened job insecurity, stagnation of wages and a gradual erosion of their standard of living, Townsville being cited as one example. Participants argued that a rising anti-establishment sentiment is emanating from insecure populations who feel their grievances go largely unaddressed. As one participant stated, *“there is a disconnect with how people and communities are experiencing their lives and what they are really worried about.... Yes there is a scary racist element of society... but a lot of that is about fear and insecurity.”*

Because we discussed economic insecurities in the community and vulnerable populations, the group then traversed the issue of whether there is a disconnect between elected leaders and the public. Participants argued that the public is frustrated because leaders were not properly discussing policy choices with the public, and that too often decisions are just made without any engagement. This included the sense that there are ‘experts with the policies’ who tell the community what is good for them, rather than engaging them in the process and seeking to understand public attitudes and expectations. Immigration policy and climate policy were cited as key examples. One participant summarized the problem as, *“Leadership without having a proper debate about the issue first is not leadership”*. Participants again noted that one of the main risks is rising populist and anti-establishment sentiment within disconnected and frustrated segments of the population.

Another part of the group’s discussion focused on ethics, values and trust. Some participants pointed out that Australia’s political discussion lacks a meaningful consideration of our collective ethics and values as a nation. One participant framed the issue as follows, *“if this 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.”* Improving the form and function of democracy should, therefore, include discussing authentic and inclusive leadership, values and political culture. The hasty rejection of The Uluru Statement From The Heart was cited as an example of an ethically hazardous action by government, putting aside the policy questions. Other participants

argued that the community's mistrust of its leaders is the central dilemma to fix. Because politicians tend to serve their self-interest, power should be taken from them and transferred back to the community in new institutions and processes.

Complementing this wide-ranging discussion, some participants pointed out the potential for digital technology to change the way democracy is done in Australia and to improve the way we communicate with each other. According to these participants, there are already new channels of language and communication which large sections of the population use, particularly young people. Participants were reminded that a global race is being played out in democracies on who can produce the dominant direct democracy platform. Australia's system was seen as insufficiently utilising these channels and under-estimating their potential. The example of MiVote was cited by a participant as one way to introduce deliberative democracy tailored for the community that makes use of new platforms and tools.

Session Three – What needs to change for Australia's democracy to be fit for purpose?

After discussion in the first two sessions explored both diagnoses and solutions, we turned our attention more directly to how to improve the form and function of Australia's democracy for it to be resilient to the myriad of challenges thrown up by the 21st century.

The initial discussion amongst the group acknowledged again the fact that there is no community agreement on what the major national challenges are, let alone how to address them. One participant put forward an analysis that the lack of consensus is in part driven by three mutually reinforcing anxieties – cultural, economic and political. One participant argued that we must be vigilant in protecting our democratic institutions and values in an era where authoritarian powers are looking to exploit national vulnerabilities to their advantage. Some participants argued that Australia lacked 'the burning platform' to initiate change and that as a result the nation was shying away from policy challenges rather than tackling them head-on. This included for instance the following challenges:

- Delivering universal healthcare in remote and regional areas as well as in urban centres.
- Breaking oligopolistic market practices in the economy.
- Utilising digital disruption to improve 21st-century life for the community.
- Maintaining openness to the region and the world in a time of increasing protectionism.
- Planning for the eventual economic slowdown of China and the potential impact on our standard of living.
- Better understanding the impact that the destruction of the Great Barrier Reef will have on our international reputation.

Some participants highlighted the necessity of undertaking reform to strengthen and protect good policy development, including in the following areas:

- Parliamentary reform that not only improves process but deals with gridlock and short-term political point-scoring.
- Finding a practical and sophisticated way to improve the federation.
- Redressing the lack of civics education in schools.
- Encouraging the public sector to develop narratives that tell the story of reform.
- Reforming the code of conduct for political leaders.
- Continuing with the decentralisation of the APS to embed it in major cities and regions.
- Reducing the frequency and volume of machinery of government (MOG) changes to the APS to improve stability and certainty of mission.

As the discussion unfolded, participants appeared to favour concerted, coherent policy action in order to tackle the above and other challenges, rather than allowing them to continue to bedevil Australia into the foreseeable future. Some participants identified some big ideas to help kick-start a new reform agenda:

- Repairing competition policy and fixing services to focus on service quality and results to users, rather than cost affordability.
- Reinventing local government to improve its ability to directly shape communities on the ground and connecting it more properly to the other two levels of government.

- Encouraging an unadventurous private sector to create new economic opportunities for the community rather than advocating for self-serving causes like lowering the corporate tax.
- Building new social and economic hubs outside of the major cities that integrate services, education, transport, and jobs growth.

Discussion of a possible new reform agenda included discussion of the state of the public sector to implement policies and programs. Some participants reminded the group that the APS remained relatively effective in tackling major challenges compared to its global counterparts because it is constantly looking for opportunities to improve its performance. Yet capability gaps in the APS were also acknowledged, like a lack of Asian literacy and lack of diversity. Important to any reform effort is the need for targeted, sustained investment in the APS to rebuild lagging capabilities. Some participants saw the need for the APS to become a better collaborator across all elements of Australian society, ensuring the best policies and programs are developed. This includes using collaborative funding models across levels of government to ensure integrated responses to shared policy challenges, and working collectively with NGOs, civil society and business to design policy. One participant underlined this point by saying *“good policy is inevitably an iterative process and that requires patience.”*

In discussing ways to revitalise the public sector for the 21st century, one participant asked whether one major long-term reform could be the creation of an independent fiscal authority as a second arm of macroeconomic policy, sitting alongside reformed competition policy. This was seen as an option to break oligopolistic market practices. This also tied back to the afternoon’s earlier discussions on the growth of the integrity branch of government.

As we canvassed the best ways to strengthen the APS, equally we looked at how to revitalize the reputation and impact of business in the policy debate. Some participants argued that business has to do a better job in evaluating their own performance, especially whether they are making a positive contribution to the public good. The superannuation sector was identified as a key actor in helping Australian businesses re-orient towards long-term value creation. Other participants pointed out that our national markets are already well regulated, and that business responds to the frameworks laid down by government. They advised that the best way forward was to have a sophisticated response to market challenges sector-by-sector, rather than risk creating an unhelpful government-versus-the-market debate.

In looking to create a sophisticated economic reform agenda that acknowledges the important roles to be played by both government and business, some participants mentioned that Australia’s commitment to the Sustainable Development Goals should be given far greater national priority than it presently receives. Striving to meet these goals could be part of a new national reform package, and will involve business, civil society and government collaborating.

As participants attempted to identify the hallmarks of a new national reform agenda, many participants argued that at the heart of Australian democracy was unresolved business with the nation’s Indigenous communities. Whilst Indigenous issues have been exhaustively examined and reviewed the solutions have never been properly implemented, including most recently with the Uluru Statement From The Heart. Parliaments were seen as not dealing effectively with Indigenous matters. This included dealing with national identity matters, such as the date of Australia Day, which a participant argued was *“just one example of a number of unfinished conversations we have as a nation.”* Our national identity and our uncomfortable relationship with our first Australians is a major issue for us that cannot be deferred or delayed any longer.

With participants advocating for new ways forward on democratic renewal, several participants argued that Australia also needs new methods for engaging people in democracy. This related back to a similar point made in the second session on better utilising contemporary technology. Many of the traditional channels were considered old-fashioned and uninspiring, particularly in an era of digital disruption and peer-to-peer sharing. One participant summarised this challenge as follows, *“democracy as it stands, is just really boring, is the message we are getting from the young people we speak to.”* Some participants advocated for a more effective uptake of emerging deliberative democratic platforms to complement the building of a new reform agenda.

Next steps

As for initial next steps, CPD captured the substance and tenor of the discussion, for distribution to participants for their record. CPD has also revised the Discussion Paper that was released immediately prior to the roundtable so as to incorporate ideas, critiques and comments raised by participants on the day. This is available to all participants, and will also be made publically available shortly.

Making progress in this area will take a collective and sustained effort, no one organisation can do it alone. Positively, most participants expressed a desire to stay involved in future CPD work in this area. The CPD team is presently reviewing the main ideas and questions that arose from the conversation and determining how best to integrate them into our forward work agenda. Looking ahead to 2018, CPD will be in close contact with all participants in the New Year to determine how they would best like to participate in emerging work on democratic renewal. Each participant brought unique skills, expertise and experience that CPD would like to harness as we advance the cause of democratic renewal in this country.

Participant list

Name	Organisation
Anna Skarbek	CEO, ClimateWorks
Ben Rimmer	CEO, City of Melbourne
Cassandra Goldie	CEO, Australian Council of Social Service
Craig Emerson	Former Member of the Australian Parliament and Cabinet Minister
David Atkin	CEO, Cbus Super
Fiona McLeod SC	President, Law Council of Australia
Fred Chaney AO	Former Deputy Leader of the Liberal Party of Australia
Glenn Withers AO	Professor of Economics, College of Business and Economics, ANU
Heather Smith PSM	Secretary, Department of Industry, Innovation and Science
Helen Szoke	CEO, Oxfam
Holly Ransom	CEO, Emergent
Innes Willox	CEO, Ai Group
Jeni Whalan	Deputy Chair, CPD
John W.H. Denton AO	Partner and CEO, Corrs Chamber Westgarth
John Fitzgerald FAHA	President, Australian Academy of Humanities
John Garnaut	Analyst, JG Global
Kirsten Gray	Senior Adviser to the Aboriginal and Torres Strait Islander Social Justice Commissioner
Larry Kamener	Senior Partner & Managing Director, BCG
Luca Belgiorno-Nettis AM	Founder, New Democracy
Mark Birrell	Chair, PostSuper and former Chair, Infrastructure Australia
Mark Burford	Special Adviser to the Vice Chancellor and President, Monash University
Martin Stewart-Weeks	Founder, Public Purpose Pty Ltd
Matt Garbutt	Chief of Staff, Business Council of Australia
Mia Garlick	Director of Policy for Australia and New Zealand and APAC Regional Coordinator, Facebook
Mike Fitzpatrick	Director, Infrastructure Capital Group and former Chairperson, AFL Commission
Nadine Flood	National Secretary, Community & Public Sector Union
Nikolas Kirby	Departmental Lecturer in Philosophy and Public Policy at Blavatnik School of Government, University of Oxford
Paige Burton	Australian Youth Representative to the UN
Peter Mares	Former ABC broadcaster and Senior Moderator for the Cranlana Programme
Sarah Alexander	YLab Design Director, The Foundation for Young Australians
Sam Mellett	Director, Susan McKinnon Foundation
Sam Mostyn	Chair, Citigroup Australia and Non-Executive Director
Tanya Hosch	General Manager, Inclusion and Social Policy, AFL
Terry Moran AC	Chair, CPD
Tim Robertson	Executive Director Strategy and Operations, Barangaroo Delivery Authority
Tony Douglas	Director, Essential
Travers McLeod	CEO, CPD