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# **Submission to inquiry into nationhood, national identity, and democracy**

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## Summary

The Senate has initiated a broad inquiry touching on national and cultural identity, citizenship, globalisation, social cohesion, and 'other related matters'. Our comments are confined to helping address the Committee's concerns about the 'worrying decline in the level of public trust' in government and democracy.

In Australia, trust in government is at an all-time low. Trust matters to the legitimacy of government and to its ability to get things done. Over time, widespread loss of trust in political institutions can undermine representative democracy.

There are many causes of declining trust. Globalisation and cultural anxiety are part of the story, as is the changing media landscape. But the actions and inactions of politicians are part of the problem too.

Surveys show that Australians are particularly concerned about corruption and misconduct by politicians. Most Australians believe that politicians look after themselves and their mates, at the expense of the public interest.

Yet many politicians at the Commonwealth level remain reluctant to acknowledge and respond to concerns about corruption and undue influence. Politicians – particularly in the major political parties – need to take ownership of the crisis of trust.

To help rebuild public trust, the Committee should focus on political integrity and leadership. Practical, low-cost reforms are available. Improving the transparency and accountability of political institutions could help reassure the public that the system is working for them.

Stronger checks and balances on policy influence are needed, to make Australian politics cleaner and fairer. Reforms should include:

- improving the visibility of major donors to political parties;
- publishing ministerial diaries, so people know who ministers meet with;
- creating a public register of lobbyists who have unescorted access to federal Parliament House;
- establishing a strong and well-resourced integrity commission, to investigate corrupt and high-risk misconduct in the public sector, with capacity to receive and investigate tip-offs;
- introducing a code of conduct for all parliamentarians, appointing an ethics adviser, and ensuring all codes of conduct are independently administered; and
- capping political advertising expenditure during election campaigns, to limit the influence of money in politics.

Further analysis of the crisis of trust in Australian politics, and detail on our recommendations to strengthen checks on policy influence, are provided in the attached Grattan Institute reports.

## 1 The crisis of trust is largely with politicians

To help rebuild public trust, the Committee should focus on political integrity and leadership. Surveys indicate that politicians and political parties have suffered the most significant diminution of trust. Recognising and taking ownership of the problem are the first steps to helping reassure the public that the system is working for them.

### 1.1 Australians are losing trust – particularly in politicians

Trust in government is at an all-time low: only a quarter of Australians surveyed in 2016 agreed that ‘people in government can be trusted to do the right thing’.<sup>1</sup>

Australians are particularly suspicious that ‘people in government look after themselves’ (74 per cent) and that ‘government is run for a few big interests’ (56 per cent) – and these perceptions have been rising since 2007.<sup>2</sup> In a 2018 survey, 85 per cent of Australians thought at least some federal MPs were corrupt.<sup>3</sup>

Many Australians are worried that interest groups with the resources or connections to lobby and influence politicians get special treatment.<sup>4</sup> In a recent public survey, 56 per cent of respondents said they had ‘personally witnessed or suspected’ public officials making decisions that favoured a business or individual who gave them political donations or support.<sup>5</sup> And the

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<sup>1</sup> Cameron and McAllister (2016).

<sup>2</sup> Cameron and McAllister (2016).

<sup>3</sup> Transparency International Australia (2018).

<sup>4</sup> Transparency International Australia (2018), Cameron and McAllister (2016), and Wood, Griffiths, and Chivers (2018).

<sup>5</sup> A telephone poll of 2,218 adults conducted by Griffith University and Transparency International Australia in May-June 2018.

number was even higher among those who had worked in federal government.<sup>6</sup>

Loss of trust in government is yet to infect other public institutions. The World Values Survey shows that most Australians maintain high trust in the courts, the armed forces, and police. Confidence in the public service is just below 50 per cent, but has not been declining in the same way as it has for the political class.<sup>7</sup>

Over time, loss of trust in political institutions can undermine representative democracy. It erodes the social contract between citizen and state. It can affect citizens’ willingness to accept and abide by the law. And in a low-trust environment, individuals and businesses are less willing to take risks, to innovate, and to invest, dampening economic growth.

Loss of trust also makes legislating policy change more complex, because it is harder for governments without political capital to enact ‘difficult but necessary’ reforms (risking a vicious cycle of distrust and policy paralysis).

### 1.2 Politicians are failing to take ownership of the crisis

While there are many causes of falling trust and increasing exasperation with the political establishment,<sup>8</sup> political scandals

<sup>6</sup> Transparency International Australia (2018), and Wood, Griffiths, and Chivers (2018).

<sup>7</sup> Sheppard, McAllister, and Makkai (2018).

<sup>8</sup> Others include the changing media landscape, political parties and politicians becoming more removed from society at large, and governments over-promising and under-delivering (in part because governments have less direct control over

and politicians failing to address public suspicions about corruption and misconduct are significant contributors.

When apparent favours for friends, expensive gifts, and cashed-up post-politics advisory jobs go unchecked – often without even an independent investigation – it demonstrates that accountability is lacking and raises real concerns about integrity.

Yet politicians remain reluctant to acknowledge and respond to questions about their integrity.<sup>9</sup>

Politicians – particularly from the major political parties – need to take ownership of the crisis of trust and accept responsibility for rebuilding public trust.

### 1.3 Cultural anxieties are also at play

The Committee's discussion paper blames 'populist, conservative nationalist, and nativist' movements and 'extreme movements of the eco-fundamentalist and postmodernist variety' for declining trust.<sup>10</sup> These movements are more likely symptoms than causes.

Cultural anxiety is part of the story – many Australians, particularly those living in regional areas, are unhappy with the way the world is changing, feel 'left behind', and want to 'take back control'.<sup>11</sup>

Politicians should seek to dampen rather than inflame cultural differences. Language and symbols matter in these debates. Politicians can take a positive leadership role in stressing the

common ground between city and country and between communities with different backgrounds.

The Committee suggests 'economic factors may also be relevant'. But economic factors do not appear to be the main culprit. The largest decline in trust and increase in support for minor parties in Australia happened during a period of strong wages growth and relatively stable income inequality.<sup>12</sup> Minor party voters are more likely to have negative views about globalisation and free trade, but on other economic policy issues, particularly redistribution, voters for minor parties don't look substantially different to major party voters.

The main distinction between minor party voters and major party voters is that the former have significantly lower trust in government. Voters for One Nation stand out as having the lowest levels of trust in government.

Further analysis of the causes of falling trust and the rising vote for minor parties is provided in the attached Grattan Institute report: *A crisis of trust: the rise of protest politics in Australia*.

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the economy since the deregulation and privatisation reforms of the 1980s and 90s). See Wood, Daley, and Chivers (2018), pp. 76-81.

<sup>9</sup> Griffiths and Wood (2019a).

<sup>10</sup> See also Scrafton (2019).

<sup>11</sup> Wood, Daley, and Chivers (2018), pp. 56-68.

<sup>12</sup> Wood, Daley, and Chivers (2018), pp. 29-48.

## 2 A practical first step: improve the transparency and accountability of political institutions

Practical, popular, low-cost reforms are available to help rebuild public trust. What's missing has been political will. Politicians should start at home by reforming their own shop: including improving political donations laws, increasing the transparency of lobbying activities, and ensuring independent investigation of misconduct.

### 2.1 Improve transparency in policy making

Public cynicism about corruption and special-interest influence is partly born of secrecy. Greater transparency around money and access in politics would give the public, media, and parliament itself more opportunity to scrutinise the policy making process and call out undue influence or give voice to under-represented views.

In a recent report,<sup>13</sup> we recommended several reforms to reduce the secrecy around money and access in politics:

- Improve the 'visibility' of major political donors by lowering the donations disclosure threshold from \$13,800 to \$5,000, requiring political parties to aggregate multiple donations from the same donor, and mandating quicker release of donations data;
- Create a public register of lobbyists who have unescorted access to federal Parliament House (that is, sponsored orange pass holders); and

- Publish ministerial diaries, so people know who federal ministers meet with – as NSW and Queensland already do.

Transparency is not enough on its own – strong voices are still needed to call out problems, and voters still need to hold elected officials to account. But transparency gives them better information to do so.

### 2.2 Politicians should accept greater accountability

The public is clearly concerned about the standard of ethical conduct of politicians, even if corrupt conduct is rare. Politicians should accept greater accountability, to help rebuild public trust.

#### A strong and well-resourced integrity commission

The Commonwealth Government's proposal to establish a Commonwealth Integrity Commission (CIC) is an important and timely initiative.<sup>14</sup> It recognises the need for a central body at the federal level with ultimate responsibility for the prevention, detection, and investigation of corruption across the public sector.

But the design of the CIC is extremely important for its actual and perceived effectiveness. The Government's initial proposal appears to exclude several powers required for an effective CIC:<sup>15</sup>

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<sup>13</sup> Wood, Griffiths, and Chivers (2018).

<sup>14</sup> Attorney-General's Department (2018).

<sup>15</sup> Griffiths and Wood (2019b).

- the CIC needs to be able to act on tips and information from the public, media, and public officials (including whistle-blowers) – not just from other integrity agencies;
- the CIC should be empowered to investigate serious or systemic corruption risks as well as corrupt conduct; and
- the CIC should publish findings of fact as well as refer any criminal conduct to the Commonwealth Director of Public Prosecutions.

Adequate funding is also important – current funding is insufficient given the CIC’s proposed scope.<sup>16</sup>

The Government should address these deficiencies before establishing the CIC. A poorly resourced and narrowly focused CIC is unlikely to help rebuild public trust.

### Set clear standards for policy makers

An integrity commission – even a powerful and properly resourced one – is not enough on its own to prevent misconduct in public office. Some forms of misconduct – such as favouring special interests – may not be illegal, but still have large costs for society and undermine public trust.<sup>17</sup>

Clear standards around conflicts of interest – as currently exist for ministers – should apply to all parliamentarians. A code of

conduct for parliamentarians should at a minimum clarify rules on accepting corporate hospitality, gifts, and secondary employment. A broader code would set a standard for the public, media and parliament to hold elected officials to.<sup>18</sup>

Codes of conduct need to be administered and enforced by an independent body. Current arrangements are ineffective.<sup>19</sup> Arms-length administration of the rules is necessary to build public confidence that codes of conduct are respected and adhered to. This could be an additional role for the Independent Parliamentary Expenses Authority.

An independent body should have an educative role, to help parliamentarians, ministerial staff, and lobbyists understand their responsibilities and disclosure obligations.<sup>20</sup> A separate ethics adviser should be appointed, to enable current and former parliamentarians to seek advice when they are in doubt.

The independent body should be able to investigate non-compliance with codes of conduct, publish its findings, and refer serious concerns to the integrity commission.

### 2.3 Cap political advertising expenditure during election campaigns

Political advertising expenditure should be capped during election campaigns, to limit the influence of money in politics.<sup>21</sup> Capping expenditure would help reduce the reliance of political parties on

information; respect for people; and appropriate use of entitlements. Legislative Assembly of Queensland (2018).

<sup>19</sup> Wood, Griffiths, and Chivers (2018).

<sup>20</sup> It could even play a broader role in professional development, see Coghill (2008a and 2008b).

<sup>21</sup> Advertising accounts for most campaign spending by the major parties

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<sup>16</sup> See Brown et al. (2018).

<sup>17</sup> Wood, Griffiths, and Chivers (2018).

<sup>18</sup> An example of such a code is the Queensland Parliament’s Code of Ethical Standards, which is built on fundamental principles of: integrity of the Parliament; primacy of the public interest; independence of members; appropriate use of

major donors and limit the 'arms race' between parties for more donations.

Political advertising by other groups, such as unions and industry peak bodies, should also be capped to prevent them 'swamping' public debate during election campaigns.

Further detail about the need for and nature of these reforms is provided in the attached Grattan Institute report: *Who's in the room? Access and influence in Australian politics*.

Collectively these reforms would strengthen the integrity of Australia's political institutions and offer a direct response to the public's concerns.

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