



RESEARCH NOTE

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Good Governance in Australia

Background

The term 'governance' is being used more frequently and often in different ways. The purpose of this Research Note is to explain its meanings and to outline to Members and Senators some issues of governance.

What is Governance?

The term 'governance' is used to describe a range of phenomena. While some writers use it in the international context or to refer to business affairs, this note focuses on its use at the national level, as it relates to political, economic and civil institutions. At this level, four understandings of governance can be identified. These definitions differ in scope as each subsumes and expands on the previous one. Beginning narrowly and ending with a very broad definition, these are:

1. the management of public resources, or public administration
2. the activities of government or the system of governing
3. government's interaction with civil society and citizens in general. This definition introduces actions directed *towards* government as well as *by* government. This includes the constraints and accountability mechanisms under which parliamentarians operate, and
4. the interaction of traditions, values, institutions and processes that shape society. In this definition, government is less central. While still an important player in some interactions, it may be marginal or absent in others. A similar approach views governance as the exercise of power in society.

This note uses the third definition. This is broad enough to consider most of Parliament's activities and responsibilities, but not so broad that Parliament becomes only one

consideration in the multitude of factors that determine power relations in society.

Good Governance

As the above definitions emphasise, governance is concerned with the nature of interaction within and between institutions, rather than the policy objective being pursued. Hence, in Australia, it is not allied with a particular political party. However, ideas of 'good governance' are often based on liberal principles. It is possible that the increasing use of the term reflects a growing dominance of liberal democratic values.

From a liberal democratic perspective, the following could be said to be manifestations of good governance (Australian examples follow in brackets):

- accountability (e.g. independent judicial review)
- democracy (e.g. equal voting rights for adult citizens and permanent residents)
- efficient and effective administration and program delivery (e.g. independent Auditor-General)
- equal rights for all citizens (e.g. Human Rights and Equal Opportunity Commission Act 1986)
- ethical use of public resources and authority (e.g. Australian Public Service Code of Conduct)
- individual liberty (e.g. freedom of association)
- participation (e.g. submissions to Parliamentary Committees)
- rule of law (e.g. applicability of the law to parliamentarians), and
- transparency (e.g. Freedom of Information Act 1982).

Essentially, good governance requires that the actions of public officials are constrained by rules, and that public resources and authority are used to benefit the community as a whole.

Good governance is often expressed in structures (e.g. the Commonwealth Ombudsman) and rules (e.g. the requirement to call elections). However, these manifestations of good governance rely for their formation and effectiveness on a political culture that respects the values on which they are based, and shows little tolerance when they are ignored or trivialised. Consequently, the institutions of civil society (e.g. the media, the judiciary, professional associations) are critical in reinforcing the foundations of good governance.

In turn, civil society is believed to be more effective when citizens identify strongly with their society and political institutions.

How Fares Australia?

Australia ranks strongly in terms of many good governance practices. Several organisations have produced indexes that may be used as comparative indicators of Australia's international standing:

- Freedom House has ranked Australia as a free country, with a rating of one (highest category) for the possession of political rights and civil liberties.¹ It noted respect for fundamental freedoms and the presence of such institutions as an independent judiciary and a free media. However it also noted criticism from international bodies in the area of human rights² and commented on the disadvantage faced by many Indigenous Australians
- Transparency International has rated Australia 11th of 91 countries in terms of a low degree of corruption, as perceived by business people, academics and risk analysts³
- the 1998 *Global Competitiveness Report* rated Australia 12th (of 53 countries) in terms of

perceived civil service independence,⁴ and

- the 2001 *World Competitiveness Yearbook* rated Australia 5th in terms of the public service being perceived to be immune from political interference. Australia was rated 6th in terms of the perception that bribery and corruption do not exist in the public sphere.⁵

The United Nations Development Programme's *Human Development Report 2001*⁶ has ranked Australia second of 162 countries in terms of life expectancy, educational attainment, adult literacy and adjusted real income. Although not a measure of good governance, it indicates a solid attainment of conditions that follow from good practices of good governance. Another relevant indicator of good governance is the level of Australian exports of public sector innovations (approximately \$2 billion in 1997, or two per cent of total exports).⁷

It is not difficult to find criticisms of governance in Australia. Targets of criticism include:

- the level of respect shown for the human rights of Indigenous Australians and asylum seekers (see above)
- the enforcement of standards of ministerial behaviour⁸
- approaches to outsourcing and privatisation (e.g. transparency and contract management)⁹

- the processes for determining, claiming, monitoring and reporting the entitlements of parliamentarians,¹⁰ and
- the use of public money for government advertising.¹¹

Paradoxically, this criticism is partly the result of the existence of strong governance mechanisms and a high degree of political freedom. Most criticisms of governance in Australia have as their source one or more of the following:

- reports by the Auditor-General
- media reports
- reports by Parliamentary Committees (particularly Senate Committees)
- answers to parliamentary questions
- advocacy groups (e.g. the Australian Council of Social Services), or
- the Commonwealth Ombudsman.

Australians can take some comfort from the fact that the independence (and, in some cases, existence) of these bodies is itself a manifestation of good governance. However, it is in Australia's political and economic interests to continually improve the quality of governance.

Enhancing Good Governance

Examples of ideas for improving public administration can be found in the forthcoming DPL Research Paper, *Shaping Relations Between*

Government and Citizens: Future Directions in Public Administration? Possible changes include the introduction of a code of conduct for parliamentarians, the use of proportional representation in House of Representatives elections, four year parliamentary terms and greater regulation of political parties that accept public funding.

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1. For details see <http://www.freedomhouse.org/research/freeworld/2001/countryratings/australia.htm>
2. For example, it referred to criticism by the United Nations Committee on the Elimination of Racial Discrimination (mandatory sentencing and native title) and the International Labor Organization (Workplace Relations legislation). Amnesty International has also expressed concern relating to areas such as the detention of asylum seekers, limitations on cooperation with United Nations human rights monitoring and Indigenous deaths in custody. See <http://web.amnesty.org/web/ar2001.nsf/webasacountries/AUSTRALIA?OpenDocument>.
3. The index is available at <http://www.transparency.org/documents/cpi/2001/cpi2001.html>.
4. World Economic Forum, *The Global Competitiveness Report 1998*, World Economic Forum, Geneva, Switzerland, 1998, p. 215.
5. Institute for Management Development, *The World Competitiveness Yearbook*, IMD, Lausanne, Switzerland, 2001, p. 76.
6. <http://www.undp.org/hdr2001/hdi.pdf>.
7. Sue Vardon, 'Exporting the APS: The international impact of APS innovations', paper presented to the 'Centenary of the Australian Public Service' conference, Rydges Hotel, Canberra, 19 June 2001, p. 2.
8. For example, Ross Peake, 'PM's code of conduct fades to a shadow', *Canberra Times*, 11 October 2000.
9. For example, Pat Barrett AM, 'Balancing Accountability and Efficiency in a More Competitive Public Sector Environment', speech delivered in Singapore, May 2000.
10. For example, C. O'Rourke, 'Politicians Unlikely to Give Up Generous Super Deal, Says Expert', *Sydney Morning Herald* and T. Harris, 'MPs' Super Benefits Still Bother the Public', *Australian Financial Review*, 12 July 2001. See also Auditor-General, *Parliamentarians' Entitlements 1999-2000*, at www.dpl/Books/2001/AuditorGeneralParliamentariansEntitlements.pdf.
11. For example, J. Grubel, 'Liberal Plans for More Ads', *Canberra Times*, 8 July 2001, H. Mackay, 'How Many Ads Does it Take to Re-elect a PM?', *Age*, 7 July 2001 and Editorial, Australian, 'Howard Fears Tough Rules on Advertising', *Australian*, 22 June 2001.