

AUSTRALIAN DEMOCRATS

ADDITIONAL COMMENTS

The Australian Democrats fully support the Minority Report. We would like to take this opportunity to again put on record our ongoing concerns with the Government's failure to implement open and transparent merit selection process for public bodies whether they be institutions set up by legislation, 'independent' statutory authorities or quasi-government agencies.

At present, there is a widespread public perception that Government appointments result in patronage to handsomely remunerated positions. This perception can damage the reputation of these bodies, as in the public eye they are then seen as being controlled by persons who lack the appropriate independence and who may not be as meritorious as they might be.

This issue was extensively investigated by the Nolan Committee appointed by the United Kingdom Parliament, which in 1995, set out the following principles to guide and inform the making of such appointments:

- A Minister should not be involved in an appointment where he or she has a financial or personal interest;
- Ministers must act within the law, including the safeguards against discrimination on grounds of gender or race;
- All public appointments should be governed by the overriding principle of appointment on merit;
- Except in limited circumstances political affiliation should not be a criterion for appointment;
- Selection on merit should take account of the need to appoint boards which include a balance of skills and backgrounds;
- The basis on which members are appointed and how they are expected to fulfil their roles should be explicit;
- The range of skills and backgrounds which are sought should be clearly specified.

The UK Government fully accepted the Committee's recommendations. The office of Commissioner for Public Appointments was subsequently created (with a similar level of independence from the Government as the Auditor General) to provide an effective avenue of external scrutiny.

The Australian Democrats have moved over 30 selection on merit amendments, all of which have been knocked back by the Government.

The Democrats believe that the Government's decision to scrap the staff-elected director position is bad corporate governance, because not only is the ABC Board member the only appointment on merit through democratic election, but for companies in Europe and in many other countries, representatives of staff are commonly included on boards because the practice is so useful.

Professor Stephen Bartos, Director National Institute for Governance, in his submission to the inquiry noted that:

Staff-elected directors on a Board do represent an anomaly amongst Australian public and private sector boards in general governance terms – although ours is not a universally accepted governance model. In the CCH article cited earlier, I comment: “In Australia, the whole Anglo-American model of governance doesn’t favour representative positions on boards. However, it’s not the case around the world. There are other countries where representative positions are much more common.”¹

The Government claims that a staff-elected position is less accountable than an appointed one, but offers no evidence for this. Indeed it is counter-intuitive. At present no ABC Board member, apart from the staff member, is elected.

The Democrats renew our calls for appointments to the boards of all statutory bodies to be made independently of Government and to be based on merit against published criteria.

Senator Lyn Allison
Australian Democrats

1 Professor Stephen Bartos, *Submission 2*, p. 2.