

# THE AUSTRALIAN COLLABORATION

*A Collaboration of National Community Organisations*

## The Role of Government in Australia

An open democratic society needs a strong government with particular characteristics. It should be neither despotic nor over-bureaucratic. It should exist within a legal framework based on the rule of law and the protection of civil liberties. It should support civil society and its multiplicity of voices and activities. It should provide the economic framework and the essential infrastructure for public and private enterprise. It should be concerned with the well-being of all citizens. It should protect the physical environment and it should act to alleviate the negative impacts of the market place on individuals, groups and environment. These roles are often poorly understood and undervalued.

### Australia's system of government

Australia is a constitutional monarchy (albeit a monarchy largely in name only) with a system of government based on a tradition of liberal democracy. Democracies periodically hold elections during which citizens vote for their preferred candidates and parties to act as their representatives in government. In Australia, the Constitution sets out a framework under which the Australian Government operates, determining the respective roles of parliament, government and the courts, setting out the powers and responsibilities of the Commonwealth Government and those of the State Governments, guaranteeing the protection of certain rights and freedoms, and placing constraints on government authority. The *Commonwealth of Australia Constitution Act 1901* also contains the important provision that the Constitution can be amended only through a referendum.

Under the Constitution, the legislature (the parliament) has the power to make laws, the executive (the government) has the power to implement the law and the judiciary (the legal system) has the power to interpret the law. The federal parliament comprises two popularly elected chambers: the Senate (the upper house of 76 senators, elected on state-wide constituencies) and the House of

Representatives (the lower house of 150 members, elected from single-member constituencies). The powers of the Queen as head of state are exercised through her representative, the Governor-General, who by convention acts, except in rare circumstances, on the advice of ministers.

In Australia, there are two major political parties, the Labor Party and the Liberal Party, and several minor parties, including especially the National Party and the Greens. The party with the majority support in the House of Representatives forms Government, with its leader becoming the Prime Minister of Australia. Ministers appointed from the Senate and the House of Representatives form the 'executive' branch of government. Collective decision-making takes place in Cabinet meetings.

Federal electoral terms are currently three years, engendering frequent elections. There is, however, an argument to be made for extending electoral terms to four years, which would allow greater opportunity for government policies to be implemented as well as reducing the time devoted to campaigning. The arguments for and against four year electoral terms are outlined under The Australian Collaboration's online resource 'Democracy in Australia'.

If no party holds a majority of seats in the House of Representatives, a hung parliament results, and no party can pass laws without gaining support from other parties or from independent members of the House. Such a situation arose following the 2010 federal election, at which time the Labor party, led by Prime Minister Gillard, was able to retain government with the support of two Independents and one Green MP.

The High Court of Australia and the Federal Court of Australia variously interpret constitutional provisions and Commonwealth laws. The High Court acts as a final court of appeal.

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Australia has a federal system within which power is divided between the Commonwealth and State governments. State governments in Australia have their own constitutions, legislatures, bureaucracies, courts and police. The Constitution gives the Commonwealth powers, such as powers relating to foreign affairs and military defence. The decisive Commonwealth power is the taxation power, which enables the Commonwealth to raise large sums of money and to control its distribution. Recent High Court rulings related to the Trade and Commerce and Corporations powers have also greatly extended the powers of the Commonwealth.

## Criticisms of the extensiveness of government influence

It is fashionable in some quarters today to argue that the more limited the role of the state, the greater the benefit for its citizens. This argument draws on a number of developments over the past century, and the philosophies underpinning them. The first is the experience of totalitarian rule in the twentieth century. The second concerns the dramatic growth of bureaucracy over the last hundred years. The third concerns some disappointments associated with the welfare state. The fourth is the emergence of economic rationalism (market fundamentalism in its extreme form), an economic doctrine based on the views of theorists and economists such as Friedrich Hayek and Milton Friedman.

## Responses to these criticisms

These criticisms need to be put in perspective. How do they each relate to Australia's economic and political situation?

Firstly, totalitarian rule may be a concern for Australia's foreign policy, but it is not a domestic issue.

Secondly, the growth of the bureaucracy is natural in a society in which the population is growing and the government has ever-widening responsibilities. A state bureaucracy is indispensable to the administration of policies and programs and indeed, under the Australian Constitution, there are some roles that only the state can play; for example, the Commonwealth government is responsible for the country's military forces and for its foreign policy and foreign relationships. Governments at every level are also responsible for Australia's legal and

political frameworks: parliaments, government, the bureaucracies and courts. Governments are responsible for such matters as law and order, infrastructure, health services and education as well. Furthermore, Australia's bureaucracy is small by international standards.

Thirdly, while the welfare state has been criticised for removing the economic incentives that encourage individuals to strive for material wellbeing, there are certain groups of people – the infirm, aged or otherwise vulnerable – who will never be able to reach even the minimum standard of living that most Australians have come to expect. The welfare system is instrumental in sustaining these disadvantaged people at an agreed minimum standard of living. Notwithstanding the acceleration of globalisation, OECD governments have recognised the importance of maintaining welfare systems. This is illustrated by the fact that among OECD countries, public expenditure in Australia on social security today remains almost as high a proportion of national budgets as it was in the 1990s; furthermore, the Nordic countries (Sweden, Norway, Finland and Denmark) have successfully maintained the values of the welfare state while achieving high economic growth.

Fourthly, economic rationalist policies and proposals for a minimalist state are widely contested. Contrary to the belief of market fundamentalists, unregulated markets do not offer 'perfect competition' among abundant rational buyers and sellers, all perfectly informed about the present and future price and quality of the commodities on the market. Instead, it is often the case that buyers are poorly informed and susceptible to misleading advertising. Furthermore, although it is undeniable that free markets offer efficiency, they certainly do not ensure fair outcomes: for this, government intervention is needed.

## A framework for the effective operation of the market economy

The market economy depends very significantly upon well-understood rules of behaviour. It needs laws such as those embodied in the *Corporations Act 2001* and institutions such as the Australian Securities and Investments Commission (ASIC) and the Australian Competition and Consumer Commission (ACCA) to monitor and regulate corporate behaviour. Without these rules of behaviour, corrupt or inappropriate practice would be more common and businesses would not know what is expected of them.

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Government has to take responsibility for the larger economic framework for commerce. The state also needs to make corrections when the market fails to perform. The most effective drivers of economic development have been carefully judged combinations of private corporate activity and state supportive action such as the provision of infrastructure, investments in education and training, the regulatory framework and the system of incentives and taxation.

## Infrastructure required for the functioning of the whole society

A modern state needs a massive infrastructure to carry out its functions, to provide essential services for business and other organisations and to support households and individual citizens. Roads, railways and airports are needed. Electricity, gas and water have to be supplied to urban properties and waste water and sewage drained from them. Dams are needed to store water. Parks have to be supplied and maintained. Hospitals, universities and schools need to be developed and supported. The list is nearly endless. Under some circumstances it may be possible to get private consortia to build and manage some of these facilities, but even when this is undertaken – and it is a contentious issue – the basic infrastructure will nearly always need to remain in public ownership.

## The critical role of the state in moderating the influences of the marketplace

Corporations play very important functions in modern economies. They offer opportunities for innovation and enterprise and are effective drivers of economic growth.

The concept of Corporate Social Responsibility (CSR) has recently received much attention as an additional social and environmental responsibility that businesses should assume, but in reality corporations often entirely ignore CSR, or at best treat it as a secondary concern to profit. The state therefore has the critically important responsibility of moderating the influence of business activity.

The state is also responsible for ensuring the quality of life of its citizens, the fairness of the society, and the quality of the physical environment. Urgent social and environmental change will always depend, at least to a significant extent, on government leadership.

## The role of the state in raising taxes to fund infrastructure and services

Taxation is all too frequently portrayed as a societal evil and as an unnecessary and unwelcome burden on individuals and organisations. Taxation is, however, a prime social good. Without taxation, it would be impossible to provide the infrastructure and services on which all Australian citizens and organisations depend. Taxation is also the means whereby those who earn higher incomes make a larger contribution to the public purse and allow the state to help those in need. Only the state is in the position to impose taxes and raise money for public purposes.

## Requirements for a strong and effective state

There are several key requirements that need to be satisfied for a state to play its diverse roles purposefully, effectively and appropriately. In Australia these include:

1. An effective parliament with an upper house (Senate at the federal level) that acts as a genuine house of review and as the means by which long term issues are kept in the public eye
2. A strong and independent judicial system that is fiercely defended
3. Transparency of government decision-making whereby government behaviour is continuously subjected to independent review by auditors general, ombudsmen and parliamentary committees. Whistleblowers who draw attention to malpractice and inefficiency also need to be fully protected
4. An independent bureaucracy that is able to offer fearless advice to Ministers and the Government and which does not live in constant fear of reprisals for principled behaviour and outspoken comment. Such a bureaucracy should also be well trained in client services; there are outstanding models such as Australia Post
5. The protection of the integrity of public institutions and appointments to them. In other countries, such as the UK, there are systems for formal appointments to public offices, to minimise political bias and ministerial whim

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6. Recognition and support for the critical roles played by civil society and non-profit organisations
7. The protection of media diversity to enable citizens to have access to many different media opinions and to ensure that the media are effective in supporting all the other facets of strong, effective and accountable government. Lack of media diversity is a serious problem in Australia

## Useful sources

Australian Government: Department of Foreign Affairs and Trade. *About Australia: Australia's system of government*. Retrieved 12 January 2012 from [http://www.dfat.gov.au/facts/sys\\_gov.html](http://www.dfat.gov.au/facts/sys_gov.html)

This fact sheet discusses responsible government, the Constitution, parliamentary sovereignty, elections, parties and relations between different levels of government.

Australian Government. *Factsheets on Australian Government*. Retrieved 12 January 2012 from

<http://australia.gov.au/topics/australian-facts-and-figures/factsheets-on-australian-government>

This collection of fact sheets, some tailored specifically for students and teachers, covers diverse topics including the role and powers of Parliament, Executive Government including the Ministry, the Governor-General and the Queen, and the Judiciary.

Krygier, M. (1997). *The good that governments do*. Transcript of 1997 Boyer Lecture 5. ABC Radio National. Retrieved 12 January 2012 from

<http://www.abc.net.au/radionational/programs/boyer-lectures/lecture-5-the-good-that-governments-do/3460212>

See also Krygier, M. (2005). *Civil Passions: Selected Writings*, Melbourne: Black Inc.

In this collection of essays, law professor Martin Krygier examines ingredients for a good society.

Longstaff, S. 'Revitalising the essence of democracy'. St James Ethics Centre. Retrieved 12 January 2012 from <http://www.ethics.org.au/living-ethics/revitalising-essence-democracy>

This article argues that the ongoing health of our democracy relies on authentic individuals who seek public office in good faith, genuine parliamentary debate and constructive media reporting that helps citizens chose how to cast their votes.

McLean, I., & McMillan, A. (Eds.) (2003). *The Concise Oxford Dictionary of Politics*, Oxford: Oxford University Press.

This is an authoritative dictionary of politics written by a range of experts.

Rhodes, R.A.W., Binder, S.A., & Rockman, B.A. (Eds.) (2006). *The Oxford Handbook of Political Institutions*, Oxford: Oxford University Press.

This volume provides a comprehensive survey of political institutions from a number of distinguished contributors.

Rosenblum, N.L., & Post, R.C. (Eds.). *Civil Society and Government*, Princeton, N.J.: Princeton University Press.

This book examines the complex relationship between civil society and the state.

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*Last revised January 2012.*