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SAVE PRINT

How the rise of the lobbyist is corrupting Australia's democracy

John Menadue

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Australia's capacity to tackle important public issues – such as climate change, growing inequality, tax avoidance, budget repair, an ageing population, lifting our productivity and our treatment of asylum seekers – is diminishing because of the power of vested interests, with their lobbying power to influence governments in a quite disproportionate way.

Lobbying has grown dramatically in recent years, particularly in Canberra. It now represents a serious corruption of good governance and the development of sound public policy.



Illustration: Jim Pavlidis.

In referring to the so-called public debate on climate change, Professor Ross Garnaut highlighted the "diabolical problem" that vested interests brought to bear. Ken Henry, a former secretary of Treasury, says he "can't remember a time in the last 25 years when the quality of public policy debate has been as bad as it is right now".

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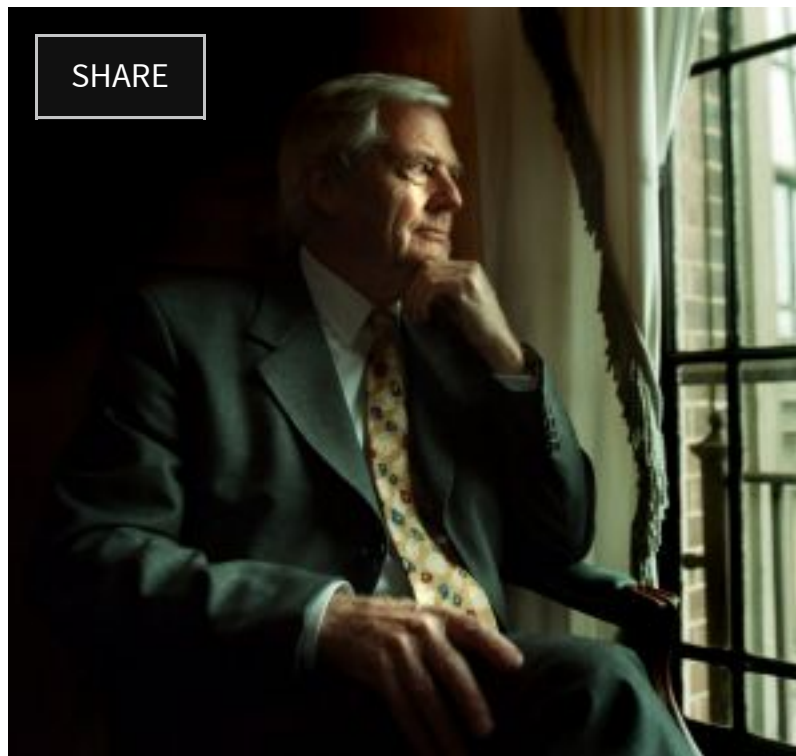
He was followed as secretary of Treasury by Martin Parkinson, who has warned about "vested interests" who seek concessions from government at the expense of ordinary citizens. The former ACCC chairman, Graeme Samuel, has cautioned that "A new conga line of rent-seekers is lining up to take the place of those that have fallen out of favour". And in referring to opposition to company tax and carbon pollution reform policies, Fairfax columnist Ross Gittins says: "Industry lobby groups have become less inhibited in pressing private interests at the expense of the wider public interest. They are ferociously resistant to reform proposals."

These problems are widespread and growing.

There are 266 lobbying entities registered in Canberra with the Department of Prime Minister and Cabinet. On top of these "third party" lobbyists, there are the special interests who conduct their own lobbying. These lobbyists encompass a range of interests including mining, clubs, hospitals, private health funds, business and hotels, that have all successfully challenged government policy and the public interest. Just think what the Minerals Council of Australia did to subvert public discussion on the Mining Super Profits Tax, or the activities of Clubs Australia to thwart gambling reform, or the polluters over an Emissions Trading Scheme and the Carbon Tax.

I estimate there are more than 1000 lobbyists, part time and full time and of all shapes and sizes, operating in Canberra. Secret lobbying is pervasive and insidious.

With journalism under-resourced, the media depends increasingly on the propaganda and promotion put into the public arena by these vested interests. The Australian Centre for Independent Journalism found in a survey of major metropolitan newspapers published in Australia in 2010 that 55 per cent of content was driven by public relations handouts from lobbyists and their associated public relations arms, and 24 per cent of the content of those metropolitan newspapers had no significant journalistic input whatsoever, relying heavily on public relations handouts.



Former senior federal bureaucrat, John Menadue.
Photo: Kate Geraghty

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Many of the so-called economic experts we read, hear and see on our media are in the employment of the banks and accounting firms, with their own self-interested agendas.

The health "debate" in Australia is really between the minister and the Australian Medical Association, the Australian Pharmacy Guild, Medicines Australia and the Private Health Insurance companies. The debate is not with the public about health policy and strategy; it is about how the minister and the department manage the vested interests.

The wealthy private schools, with their secret lobbying and political clout, are obstacles to needs-based funding, which is necessary for both equity and efficiency reasons.

Much of the policy skill in Canberra departments has been downgraded, and policy work is contracted out to accounting and consultancy firms. Policy work within the government is now undertaken more in specialist organisations such as the Productivity Commission rather than in the departments. Departmental policy capability has been seriously eroded. That is the real story behind the problems of the pink batts scheme.

So what can be done to assert the public interest against these powerful vested interests?

Federal lobbyists have to be registered with the Department of Prime Minister and Cabinet, but this is inadequate. They should also be obliged to promptly, publicly and accurately disclose the discussions and meetings they have had with ministers, shadow ministers and senior public servants. That same rule should apply to vested interests such as the Minerals Council of Australia, which lobbies directly on its own behalf. A clear lesson to be learnt from the subversion of the public interest by the minerals council is that giving in to rent-seekers doesn't appease them, it just makes them and others much bolder. The government is seen as a craven patsy.

Tax benefits for "think tanks" such as the Institute of Public Affairs which are secretly funded and act as fronts for vested interests should be denied.

Departments such as Health which are so influenced by special interests should have different governance arrangements. The traditional minister/department model in Health is a happy hunting ground for vested interests. The Reserve Bank, composed of independent professionals, has shown the benefit of such governance arrangements in keeping vested interests at bay and promoting an informed public debate. We need such an arrangement in the health field particularly.

No minister or senior government official should work with a vested interest group that they have been associated with for at least five years after retirement or resignation.

And finally, I suggest that Citizen Assemblies of randomly selected people who are fully informed on key public issues could assert the public interest and help governments counter powerful vested interests.

The problem of vested interests and their corruption of public debate

must be addressed urgently if we are to have democratic renewal, restore some faith in our public institutions and develop sound public policies.

John Menadue is a former secretary of the Department of Prime Minister and Cabinet and the Department of Immigration and Ethnic Affairs, and a former chief executive of Qantas and general manager of News Limited. This is an edited version of an article on the blog Pearls and Irritations (www.johnmenadue.com/blog).

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