

INQUIRER

## **Coalition flunks the big policy achievement test**

Judith Sloan, The Australian, 12:00AM November 11, 2017

With the Turnbull government teetering as the citizenship status of more members of parliament is called into question, it is worthwhile posing this question: what have been the policy achievements of the Coalition government?

You may think that this is a brave question to set myself given the need to file the required number of words to fill this space on the page. My solution is to include analysis of the failure to meet legitimate policy objectives. This of course means I won't have enough space.

Take the case of the National Broadband Network, something with which Malcolm Turnbull is extremely familiar given his former role as communications minister. There is absolutely no doubt that the NBN that the Coalition government inherited from Labor should have been junked.

Turnbull is smart enough to understand the concept of a sunk cost. The project should have ceased and the costs incurred simply written off. Starting again would have involved the acknowledgment that the private sector would provide fast-speed broadband on commercial terms for most of the population.

The role of the government should be to focus on areas in which the market would fail to achieve this outcome — in rural, regional and remote areas. There would be no need to be prescriptive about the technology or the form of delivery.

Instead, Turnbull decided to “save” the project using Labor’s model while abandoning the fibre to the premises commitment as well as the (close to) exclusive use of fibre. He would claim his strategy saved time and money.

The trouble with this approach is now clear. A deeply indebted government monopoly is charging excessive fees to retailers, which are providing expensive, sub-optimal offerings to customers.

The end result is a tsunami of complaints, slow speeds and costly, inflexible packages for households and businesses. In international terms, Australia is

performing extremely badly and there is every chance that most of the government funding of the NBN will need to be written off.

So what about policy achievements in the higher education space? After all, former education minister Christopher Pyne told us he was fixer and would be able to implement a package of higher education reform measures. The trouble is he didn't.

In fact, it's difficult to keep track of the government's proposed changes to higher education although there are some common features; most notably, reducing the rate of growth of government spending on universities. There was to be fee deregulation; various changes have been mooted for the student loan arrangement, the Higher Education Loan Program; funding cuts in various guises; and a variety of other changes.

In the space of four years, however, nothing significant has been achieved. The costly and dubious system of demand-driven enrolment remains intact and government spending on higher education continues to balloon. Outstanding student loans have blown out from a little more than \$12 billion in June 2006 to close to \$48bn in June last year. It is projected that if this trend continues there will be close to \$200bn in outstanding HELP debt by 2025. It is also clear that the employment and salary prospects of new graduates have deteriorated significantly in the context of the surge of new graduates.

The government might claim that it fixed the highly dubious VET FEE-HELP scheme that it also inherited from Labor. Recall this was a scheme in which public and private vocational education providers could offer often overpriced courses to naive students who could put the fees on the (government) tab. In most instances, there was little prospect that the student would repay the debt. Indeed, in many cases the courses were not completed, and in some cases they were essentially fictitious.

While the Turnbull government eventually hit the stop button, it was not before an additional \$2.7bn of debt had been added to the scheme. A passing parade of junior ministers, a senior minister (Pyne) who was missing in action, a weak bureaucracy: it was a recipe for procrastination and ongoing waste. Moreover, it's not clear that the "solution" that has been put in place is optimal. It overly favours the inefficient TAFE sector as well as creating some perverse disincentives for students to undertake legitimate and valuable vocational education courses.

Then we have the Gonski school funding “reforms”, an area that the Turnbull government was desperate to remove as an item from the policy agenda given Labor’s presumed political advantage. If it meant spending more than the Labor proposal, then so be it. The federal government will spend an additional \$19bn across 10 years on so-called “needs-based funding. Even in the shorter term, the federal government’s spending on schools will rise from just over \$17bn to close to \$23bn.

But in a classic case of putting the cart before the horse, the government is still waiting on David Gonski’s second report to advise the government how best to spend the additional money to achieve better student outcomes. Note also that, notwithstanding this avalanche of new federal money, the hapless Education Minister, Simon Birmingham, still managed to dud, in a relative sense, the Catholic schools.

Did I mention the National Disability Insurance Scheme? Again, this was a project that was inherited from Labor but given the full endorsement of the incoming Coalition government. The reality was that this was a scheme for which the preparation and funding were woefully deficient. Indeed, the idea that a national scheme run by bureaucrats in Geelong could really meet the legitimate needs of people with disabilities was always highly dubious.

To give the government its due, Social Services Minister Christian Porter has given it his best shot to get the scheme into some sort of shape and to ensure there is funding going forward. Nonetheless, the complaints keep coming in thick and fast, and there is a question mark over whether strict eligibility standards, which are required to make the scheme sustainable, can be maintained, particularly in respect of children.

What about immigration? Immigration Minister Peter Dutton, has introduced a series of changes in relation to temporary skilled workers — the old 457 visa category — and he has held the line on strict border control to deter the re-emergence of people-smugglers. But when it comes to the numbers allowed to enter Australia under the permanent migration category, this government has exhibited a tin ear. The fact is that 190,000 a year is just too high, particularly as the vast majority of these entrants go to Melbourne or Sydney. And at this point the government has shown no inclination at all to reduce this number, even though the minister is aware that many migrants who enter under the skill category are in fact not very skilled at all.

Of course, there are lots of policy areas that I haven't mentioned — superannuation, for example. Health is another area where progress has been minimal as government spending continues to grow faster than the economy.

But the big picture is this: the policy record of the Coalition government has been a crushing disappointment. It has been too keen to continue to embark on large-scale government schemes — NBN, Gonski, NDIS — knowing full well that these endeavours almost always end in tears while eating through masses of tax revenue. It has made some monumental mistakes by dithering — VET FEE-HELP, for example — and it has simply refused to do the obvious by reducing the permanent immigration intake to take the pressure off our two largest cities.

Most important, it has forgotten the maxim that good policy is good politics.