

The evidence is in: half-baked policies a pox on both houses



A 2010 rally against Kevin Rudd's proposed mining tax. Picture: Kerris Berrington

Dennis Shanahan, Political Editor, 2:00AM October 6, 2018

Twenty years ago this weekend John Howard led a struggling, first-term Coalition government to an election championing a comprehensive new tax on goods and services that would affect everyone's lives — and won.

The 1998 GST proposal was a truly tough political and policy decision that, arguably, has not been surpassed for boldness, decisiveness and success in the intervening decades.

The political system, or politicians themselves, now appears incapable of delivering policies of the substance, necessity and unpopularity of that singular decision. New research demonstrates poor policy development is not confined to one level of government or one jurisdiction, and that this incompetence is shared between Coalition and Labor governments in the past decade.

On the anniversary of the GST election, Howard tells Inquirer he believes that, despite the difficulties with disruption, Australians will accept tough changes if they are argued well, are fair and do not disadvantage the “vulnerable” in society. “The GST was an example of long-term generational reform that showed, if you had the right policy and the capacity to argue and explain it, it would succeed,” Howard says.

The GST election cost the Coalition 14 seats and was the start of a five-year policy and political battle that stretched into a second election as the implementation of the new tax brought the Howard government to the nadir of its popularity in early 2001.

Yet this week, in the debate over the states sharing the proceeds of the GST fairly to help cover the burgeoning costs of social programs, not one premier or state treasurer or any federal Labor opposition MP suggested the GST should be rolled back — indeed, the only recent argument has been to increase the rate or scope of the tax.

Of course, in today's atmosphere of legislative deadlock, leadership turmoil, captain's picks, populism, poor processes, poll-driven decisions and popular policy "announceables", the only change to the scope of the GST this week has been lifting it from women's sanitary products with the removal of the "tampon tax".

With Scott Morrison as Prime Minister for a mere six weeks, Malcolm Turnbull continuing to disrupt the Coalition from New York, the Liberal Party in a by-election fight to hold the former prime minister's seat of Wentworth, a general election that must be called by April, the Senate in the hands of unpredictable independents and minor parties, and the Coalition a minority government in the House of Representatives, little is expected of a truly bold nature for next year's election. But it is the attraction of such bold and decisive announcements and policies that figure in so much of the recent political leadership turmoil and continue to undermine the development of good policy as well as public faith in government at state and federal levels.

The research released today is the first joint project by two think tanks on either side of the political spectrum — the conservative Institute of Public Affairs and the progressive Per Capita Australia. The study demonstrates how many government decisions are being made purely for electoral or opinion poll gains, lack basic principles, such as cost-benefit analysis, and are prone to arbitrary or surprise announcement without proper consultation.

The research was partly sponsored and steered by former NSW Treasury head Percy Allan, as well as the newDemocracy Foundation, and was designed to "coax" politicians back to some old-fashioned and common standards of decision-making and policy development.

Working on 20 state and federal government decisions of recent years, including the Turnbull government's corporate tax cuts, the creation of the home affairs portfolio, the same-sex marriage postal survey, as well as the NSW government's ban on greyhound racing and the Queensland government's vegetation control on farms, the conclusions were overwhelmingly similar and damning.

None of the 20 decisions achieved a 10 out of 10 on the list of best-practice decision-making measures and only two were considered excellent. The Victorian Labor government's process on the legislation for voluntary assisted dying and the Queensland Labor government decision to introduce ride-sharing apps such as Uber both scored nine.

Applying basic measures of identifying public need, consultation, explanation, legislative preparation, transparency and, where applicable, cost-benefit analysis, the researchers looked at selected decisions not from an ideological or even outcome perspective but from the process of the decisions.

Allan, head of the steering committee, says "half-baked policies" are creating public anger and politicians need to improve the processes if they hope to restore faith in politics, government and democracy. "Governments lose support because of half-baked policies foisted on to an unwitting public, which provokes a backlash," he says. "A more productive and popular path is to target real community needs through fact-gathering and citizen input when crafting a policy. That removes the element of surprise and wins consensus. Good policy process is also good politics."

Former NSW premier Mike Baird's decision to become the first state to ban greyhound racing curiously rated highly and was deemed "acceptable process", despite being seen as an arbitrary decision made without proper consultation that started the slide in Baird's leadership. But taken as a whole, including extensive consultation after the public fury at the government's initial decision and then reversal of the decision with more considered options, it was deemed a good process. This was a case where bad politics created good process and resulted, as Allan says, in good process "also being good politics".

The NSW government also failed the public over the decision to merge councils and create mega-councils. This was rated "unacceptable process". In

Queensland the Labor government's vegetation-control policy on farms this year turned into a political disaster and was deemed "unacceptable process". It scored an equal lowest rating for state decisions with the NSW Liberals' council mergers.

Federally, the lowest rated decisions were the creation of the Home Affairs Department and the same-sex marriage postal survey (scoring just two and 2.5 respectively) because they were poorly explained, politically motivated, had insufficient cabinet consideration and the justifications shifted. The Turnbull government's signature "tax enterprise plan", including cuts for the biggest corporations, blocked by the Senate, was rated five out of 10 on process, a mixed result.

Insufficient time was spent explaining the benefits of corporate tax cuts to workers, and populist Labor and One Nation opposition to the plan won the debate, as evidenced by their by-election successes in Queensland, as Per Capita's research pointed out.

The Coalition's decision to replace 457 working visas also was rated five out of 10. Per Capita noted there was a "retrospective" justification for the decision that was not raised when it was first proposed.

But relatively good process does not guarantee policy success. The highest rating federal decision was Josh Frydenberg's development of the national energy guarantee. Yet a Coalition revolt over the energy policy led to it bringing down Turnbull as prime minister and the legislation was ripped up by his successor, Scott Morrison.

The IPA finds there is "pressure for senior politicians in governments and oppositions to make decisions quickly and confidently to appear decisive, pander to populist ideas to appear responsive, manufacture wedge issues to distinguish themselves from their opponents, and to put a spin on everything to exaggerate its significance".

While the research demonstrates the breadth of policy-development failure leading to voter backlash and unacceptable outcomes in recent years, the disintegration of good decision-making has been a gradual process with clear signposts.

The single-minded support for Kevin Rudd's carbon emissions trading scheme in 2009 by Turnbull as Liberal opposition leader, against the public and his party's will, cost him his job, and he later conceded emissions trading schemes had not worked as they should. As for Rudd, his decision to dump his own plan for an emissions scheme destroyed his credibility, but his first-term prime ministership ultimately was destroyed by poor process in the development of the mining tax — the resources super-profit tax. This was developed without proper consultation, public discussion or wholesale development as a tax plan. It fell victim to opposition, leaving Australia without a viable mining tax.

Julia Gillard's decision to break her promise on "no carbon tax" killed her credibility and ultimately her leadership, while Tony Abbott's "broken promises" in the 2014 budget gave his enemies ammunition to bring down a first-term Liberal prime minister.

Abbott was accused of making captain's picks and not consulting widely enough, yet when Turnbull fell as prime minister it was largely because he had made two captain's picks: on the \$440 million Great Barrier Reef fund and pushing through creation of the Home Affairs Department against longstanding advice. Part of the failure to pass the top-tier corporate tax cuts came down to Turnbull's inability to sell the benefits of the cuts to workers, who had not had pay rises.

This is also an area of decision-making where oppositions, as well as governments, have a positive role to play and at times need to be part of the process rather than just opposing in a populist way.

As Howard tells Inquirer, the decision to introduce a GST was at least the hardest policy change in the past 20 years because of the size of the task — "it affected people's lives in a very comprehensive way and confronted them on a daily basis" — but also because of Labor's opposition. "Other big reforms, such as the floating of the dollar and tariff cuts, were not as hard as the GST because the opposition did not oppose them," says Howard. "The GST, of all the major economic reforms embraced over the last 25 years, was the hardest."

The research into decision-making by the IPA and Per Capita demonstrates a need for politicians at all levels and on all sides to address the issue of process as a starting point to restoring confidence in politicians and the political process. The researchers agree the best methods for improving government

decision-making are using cost-benefit analysis, having a plan to implement rather than just making a policy announcement, and using the traditional system of a green paper for public discussion before releasing a final white paper.

IPA policy director Simon Breheny says: “In an era of declining public trust in politicians, democracy and institutions, it is essential now more than ever that policymaking is undertaken in a thorough and consultative manner. “Good policy process — from actually undertaking cost-benefit analysis to having a detailed plan for how a policy will be rolled out — is not a left-right issue; it is an issue of basic competency.”

Voters approve of competency above all else. If they believe something is good for the nation and is not harmful to those most in need they will support tough decisions that are genuine and well argued.

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