

PEARLS AND IRRITATIONS

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Public policy making is failing in Australia. Here's how to fix it

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Federal and state governments are falling short of basic standards of evidence in legislating policy, according to new independent research.

The misuse of federal and state grants for political pork barrelling of sports clubs, car parks and marginal seats begs the question: how good are our governments at making bigger decisions that warrant parliamentary legislation, not just ministerial discretion?

The answer is disturbing.

For the fourth year running, independent research by two philosophically opposed right and left think tanks found that Australian federal and state governments fall short of basic standards of evidence and consultation-based policy making.

Of 20 pieces of legislation reviewed this year, only six received solid scores (between 7.0 and 8.5 out of a possible 10.0) while five got unacceptable scores (below 5.0). The remaining nine received mediocre scores (between 5.0 and 6.5).

The case study that most approximated a good policy making process was the Federal Corporate Insolvency Bill (8.5/10.0) while the one that rated lowest was the Victorian Constitutional Fracking Ban Bill (2.5/10.0). The research was done by Per Capita Australia, a “progressive” think tank, and the Institute of Public Affairs (IPA), a “free-market” think tank, and was funded by the Susan McKinnon Foundation, a not-for-profit association dedicated to better public governance.

Each think tank separately benchmarked the same 20 federal and state government legislative acts against 10 attributes of good decision making identified by Professor Kenneth Wiltshire of the University of Queensland Business School.

They include demonstrating a public need; inviting stakeholder input; setting a public objective; brainstorming alternative solutions; evaluating their relative merits, costs, and benefits; and designing a rollout plan for the chosen policy. Such a business case approach to making a policy that impacts people’s lives and cost taxpayers millions seems obvious. Yet most of the legislation failed to do many of these things.

The think tanks relied on publicly available information for assessing whether each piece of legislation met the Wiltshire criteria since a government’s final policy decision should have transparent underpinnings. There was joint agreement that the policies that came closest to an ideal decision-making process were the Federal Corporate Insolvency Bill (8.5/10.0) and the Queensland Forest Wind Farm Development (8.0/10.0).

Acceptable scores of between 7.0 and 7.5 were achieved by the federal Freedom of Speech Bill (7.5/10.0), the NSW Domestic Violence Bill (7.0/10.0), the Queensland Child Sexual Assault Bill (7.0/10.0) and Wage Theft Bill (7.0/10.0). The lowest scored case studies were the Federal Income Support Bill (4.5/10.0) and JobMaker Hiring Credit Bill (4.5/10.0), the Victorian Drug Court Bill (4.0/10.0), the NSW Bushfires Bill (3.0/10.0) and the Victorian Constitutional Fracking Ban Bill (2.5/10.0)

The research found that the most common weakness in policy making was not comparing the costs and benefits of alternative policy options. Other lapses were not identifying different options in the first place, ignoring alternative mechanisms (e.g., using incentives or penalties), failing to explain how a policy would be rolled out and not inviting public feedback before finalising it.

The Susan McKinnon Foundation’s Sam Mellett concluded that:

“Policy development in Australia tends to be short-term, partisan, and reactionary and often lacks a public mandate for implementation. Our governments should deliver

evidence-based policies by taking a 'business case approach' in dialogue with communities and affected stakeholders. By fostering a more rigorous, consistent, and transparent policy process governments would both develop better policies for the long term and make gains in public trust and confidence."

The media is replete with faulty decision-making processes at all levels of government. If every major government decision was required to state why it was needed, who was consulted, its public purpose, the alternative options considered, why it was the preferred policy, and how it would be administered, the scope for corruption, misallocation and waste of public money would be diminished.

Having auditors-general, integrity bodies and select committees of inquiry rake over failed policies and processes does not fix the underlying problem which is that no government in Australia consistently addresses the above questions when making policy. The solution is a "statement of public interest" for each major government decision, including discretionary grants, which answers these basic questions.

The results of the 80 case studies undertaken over the last four years suggest a solid process was followed in only 27 of them by the governments involved. In 19 cases the ratings were well below par. In the balance of cases the process quality was mediocre. The think tanks' total scores on the 10 Wiltshire criteria for the 80 case studies were remarkably similar in 60 cases (either identical or only one-point difference). Of the remaining 20 cases, 17 had differences in scoring of just two points.

The ability of two ideologically opposed think tanks to broadly agree on what policies were done well and which weren't suggests that standardising public policy making to accord more closely to recognised best practice (such as meeting the Wiltshire "business case" criteria) could remove much of the distrust and discord in Australian politics. Indeed, those policy case studies that followed good process appeared to fare better politically than those that only partially met it. Adhering to a good process can make a public policy more widely accepted.

In Australia we pride ourselves on being better governed than most countries. But based on the Per Capita and IPA research findings we should not be smug about our representative democracy because policy making at both federal and state levels leaves considerable scope for improvement.



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