

## EVIDENCE BASED POLICY ANALYSIS

### 20 CASE STUDIES

*A report commissioned by the Evidence Based Policy Research Project and facilitated by the  
newDemocracy Foundation*

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#### Evidence-based policy

This report addresses the problem that policymaking in Australia is falling short of best practice. Policies are often built “on the run” as quick reactions to the political issue of the day, designed to capture the interest of the 24-hour news cycle or motivated by short-term political advantage.<sup>1</sup> This can result in failed policy implementation and poor results for citizens, politicians, and society at large, especially when it undermines public confidence in policymaking.

#### Methodology

The aim of this project was to coax more evidence-based policy decisions by all tiers of Government by reviewing and rating 20 high profile government decisions against the Wiltshire business case criteria. These criteria are outlined below:

#### Ten Criteria for a Public Policy Business Case

1. **Establish Need:** Identify a demonstrable need for the policy, based on hard evidence and consultation with all the stakeholders involved, particularly interest groups who will be affected. ('Hard evidence' in this context means both quantifying tangible and intangible knowledge, for instance the actual condition of a road as well as people's view of that condition so as to identify any perception gaps).
2. **Set Objectives:** Outline the public interest parameters of the proposed policy and clearly establish its objectives. For example interpreting public interest as 'the greatest good for the greatest number' or 'helping those who can't help themselves'.
3. **Identify Options:** Identify alternative approaches to the design of the policy, preferably with international comparisons where feasible. Engage in realistic costings of key alternative approaches.
4. **Consider Mechanisms:** Consider implementation choices along a full spectrum from incentives to coercion.
5. **Brainstorm Alternatives:** Consider the pros and cons of each option and mechanism. Subject all key alternatives to a rigorous cost-benefit analysis. For major policy initiatives (over \$100 million), require a Productivity Commission analysis.
6. **Design Pathway:** Develop a complete policy design framework including principles, goals, delivery mechanisms, program or project management structure, the implementation process and phases, performance measures, ongoing evaluation mechanisms and reporting requirements, oversight and audit arrangements, and a review process ideally with a sunset clause.
7. **Consult Further:** Undertake further consultation with key affected stakeholders of the policy initiative.
8. **Publish Proposals:** Produce a Green and then a White paper for public feedback and final consultation purposes and to explain complex issues and processes.
9. **Introduce Legislation:** Develop legislation and allow for comprehensive parliamentary debate especially in committee, and also intergovernmental discussion where necessary.
10. **Communicate Decision:** Design and implement a clear, simple, and inexpensive communication strategy based on information not propaganda, regarding the new policy initiative.

Two of the policies that failed the Wiltshire test were:

- NSW: Fire and emergency services levy (4/10)
- NSW: Local council amalgamations (2/10)

	Evidence-based need	Public interest parameters	Alternatives considered	Implementation choices	Cost-benefit analysis	Policy design framework	Further consultation	Green then White paper	Legislation	Communication	Total score
NSW: Fire and emergency services levy	Y	N	Y	Y	N	N	N	N	Y	N	4/10
NSW: Local council amalgamations	Y	N	N	N	N	N	N	N	N	Y	2/10



## Findings

For a policy to meet the Wiltshire criteria, it needs to score more than 5 out of 10. Of the 20 policies we analysed, 11 were found to have met the Wiltshire criteria, while 9 failed. The NSW local council amalgamations scored the lowest score 2/10 of all policies analysed.

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## New South Wales case studies

### Local council amalgamations

By 2012, there was widespread recognition in New South Wales that there were need for reforms in local government delivery. Local Government Minister Don Page commissioned an Independent Local Government Review Panel (ILGRP), which consulted across the state and received thousands of submissions.<sup>112</sup> Its final report, delivered to the Government in October 2013, made 65 recommendations including some relating to “structural reform”, i.e. the need for boundary changes and mergers.<sup>113</sup> The Panel identified that most councils were generally opposed to the idea, and that mergers would have be handled sensitively.<sup>114</sup> It made a number of recommendations for improving the state’s amalgamations process, specifically regarding a changed and expanded role for the Boundaries Commission.<sup>115</sup>

The NSW Government responded in September 2014, in which it supported the recommendations regarding the amalgamations, but did not accept the legislative changes regarding the Boundaries Commission.<sup>116</sup> Instead, it established the Fit for the Future programme, which required local councils to submit their own proposals to the Government as to how they might become ‘fit for the future’ by merging with other councils.<sup>117</sup> The report of the Legislative Council Committee review into the process, tabled in October 2015, described this process as “unfair and misleading”, and once again urged the Government to take up the initial recommendations to reconstitute the Boundaries Commission before proceeding with council amalgamations.<sup>118</sup>

The Government ignored this feedback and proceeded to announce forced council amalgamations in December 2015, proposing 35 mergers.<sup>119</sup> Its claim that the mergers would save ratepayers \$2 billion appeared to come from a KPMG analysis that councils hadn’t even seen.<sup>120</sup> The Government refused to publish the KPMG report in its entirety, but when a small section containing KPMG’s calculations was released, a number of errors were identified that compounded the public backlash.<sup>121</sup>

By May 2016, after legal action was taken by nine councils, the Government backed down from most of the mergers, announcing only 19 would go ahead.<sup>122</sup> In February 2017, the Government abandoned the rest of the regional council mergers that were currently in front of the court.<sup>123</sup> In July 2017, Premier Gladys Berejiklian announced that the Government would also abandon the remaining metropolitan mergers, marking the end of the policy.<sup>124</sup>

112 <http://www.olg.nsw.gov.au/sites/default/files/Research-Report-Supporting-Information-Volume-1.pdf> 113 <https://www.olg.nsw.gov.au/sites/default/files/Revitalising-Local-Government-ILGRP-Final-Report-October-2013.pdf>  
 114 <https://www.olg.nsw.gov.au/sites/default/files/Revitalising-Local-Government-ILGRP-Final-Report-October-2013.pdf>, Section 10 115 <https://www.olg.nsw.gov.au/sites/default/files/Revitalising-Local-Government-ILGRP-Final-Report-October-2013.pdf>, page 75 116 <http://www.fitforthefuture.nsw.gov.au/sites/fftf/files/NSW-Government-Response-Panel-and-Taskforce-recommendations.pdf> 117 <http://www.fitforthefuture.nsw.gov.au/sites/fftf/files/Fit-for-the-Future-A-Blueprint-for-the-future-of-Local-Government.pdf> 118 <https://www.parliament.nsw.gov.au/lcdocs/inquiries/1825/Report%201%20-%20Local%20Government%20in%20NSW%20-%2029%20October%2020.pdf>  
 119 <http://www.abc.net.au/news/2015-12-18/sydney-councils-to-be-forced-to-merge-by-nsw-government/7039326>  
 120 <https://dpcsc-ss.s3.amazonaws.com/Uploads/1487824776/KPMG-Local-Government-Reform-Merger-impacts-and-analysisDec-2015.pdf>, <https://dpcsc-ss.s3.amazonaws.com/Uploads/1487824833/KPMG-Outline-of-financial-modelling-assumptions-Jan2016.pdf> 121 <https://www.smh.com.au/national/nsw/council-amalgamation-report-awash-with-errors-20160124-gmcsri.html> 122 <http://www.abc.net.au/news/2016-05-12/new-councils-created-under-forced-mergers-across-nsw/7408152> 123 <http://www.abc.net.au/news/2017-02-14/nsw-government-to-proceed-with-city-council-mergers-not-regional/8268340> 124 <http://www.abc.net.au/news/2017-07-27/council-amalgamations-scrapped-in-nsw-after-government-backflip/8748164> 125 <https://www.nsw.gov.au/your-government/the-premier/media-releases-from-the-premier/2016/10/stronger-councils-for-sydneyand-regional-nsw/>

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	Criterion	Comment
1	Demonstrable, evidence-based need	Y – the initial review demonstrated evidence of the need for local government reform, including amalgamations
2	Public interest parameters	N – the Government did not make a public interest argument for the policy prior to announcing the mandatory change
3	Consideration of alternatives	N – although alternative approaches to forced council mergers were suggested in the review, the Government did not consider these
4	Implementation choices	N – we could not find evidence that the Government considered alternative implementation choices. Instead, the decision was made to proceed by making amalgamations mandatory
5	Cost-benefit analysis	N – we could not find evidence of a cost-benefit analysis
6	Policy design framework	N – the policy rollout was characterised by a failure to meet proper administrative processes
7	Further consultation	N – we could not find evidence of adequate further stakeholder consultation. In fact, local councils were not even privy to the costings
8	Produce Green then White paper	N
9	Develop legislation	N – mergers were undertaken by proclamation instead of legislation
10	Communication	Y – media release from the Premier <sup>125</sup>
		<b>2/10</b>

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For full report see <https://percapita.org.au/wp-content/uploads/2018/10/EBP-Project-FINAL1.pdf>