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**Principles of Effective Policy Reform:
Lessons for Australia's Climate Change Policy Impasse**
Edited by Nicholas Brown and Stephen Dovers, Australian National University

Acknowledgement of Country

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Introduction

It has been often observed that climate change has proven to be one of the most politically difficult and fraught policy issues to have faced Australia in recent decades. Proposals for policy reform, or even for arguing climate change as a serious issue, have been vigorously contested and politically dangerous—Australia is caught in a *climate change policy impasse*. This discussion paper seeks to improve our understanding of that impasse, not through a focus on climate change directly, but through lessons and insights gathered from other experiences of policy reform that might inform how this impasse might be addressed. We fully endorse the call for a “scalable and coherent” agenda in the recent “Australian Energy Transition Research Plan,” issued by the Australian Council of Learned Academies. This paper observes what might be learnt from other Australian policy initiatives relating to both of these imperatives, and also to fully addressing “the perspectives and well-being” of the population (Clarke et al., 2021).

In 2019, the Academy of the Social Sciences of Australia initiated a discussion within its members aimed at informing the debate over Australia’s climate change response. The priority was to draw on the diverse expertise and experience of fellows in contributing to a wider public consideration of the particularly complex mix of issues climate change presents. In 2020, the Academy released a discussion paper drawing primarily on economic perspectives, making the moral case for action and emphasising the effectiveness of market-based greenhouse gas emission reduction measures (Academy of the Social Sciences in Australia, 2021). This paper follows that lead but adopts a multidisciplinary perspective on the lessons to be drawn from a range of other Australian policy reform processes that have relevance to the challenges of climate change mitigation and adaptation. The premise here is that the Australian policy context has several distinctive features, and offers some salutary examples of policy responses, processes and outcomes that might assist in addressing that complexity. If the *solutions* offered in that 2020 paper or other evidenced policy proposals are clear, our contribution here is survey *pathways* that could be instructive in translating them into accepted practices.

This discussion paper offers 10 case studies of Australian policy initiatives over recent decades. The areas covered were selected on the basis of exhibiting several of the following features:

- having a considerable degree of difficulty and complexity, such that they related to several areas of interest and contest;
- attending to a long-term issue, and requiring maintenance of policy attention and longevity across multiple terms of government;
- having some combination of social, economic and environmental dimensions (that is, a diversity of values and imperatives);
- likely requiring the use and coordination of multiple policy instruments;
- requiring substantial structural adjustment, transitional support measures, or other compensatory measures; and
- requiring multiple points of policy integration, in analysis, design and implementation.

No claim is made for the representative or comprehensive coverage of these case studies. They have, however, been chosen to reflect a balance of disciplines, sectors, interests and agendas. Nor are they intended to directly address issues of climate change policy. The very complexity of climate change responses requires that we understand the multiple dimensions and scales of policy impact, including a fundamental attention to issues of social justice. As a discussion paper, our intention is that this sample might prompt further consideration of the range of resources that have been available, and of obstacles that have been encountered, in policy reform in Australia over the past three decades. The “macro-constraints” on adequate climate change response are undeniable (Crowley, 2021), as are the political rigidities outlined in the Grattan Institute’s *Gridlock: removing barriers to policy reform* (Daley et al., 2021). We offer here some complementary, and, in some instances, more detailed perspectives on policy influence.

For readers seeking a quick or preliminary guide to the “lessons” of these case studies, we provide below a matrix which draws out the common elements of these examples. This matrix highlights the 18 key factors identified by case study authors, and/or emerging from considerations of the assembled set of papers.

To the extent that this matrix can be applied directly to the climate change policy impasse, the following observations are pertinent:

- While labelled an emergency or crisis, perceptions of climate change threats have not been widespread enough to create a groundswell of public concern sufficient to resolve the impasse through strong policy reform.
- The long-term nature of climate change impacts, set against nearer-term costs of adaptation and mitigation, present a difficult challenge for politicians, the public, and policy reform advocates, as well as for policy design.
- The potential influence of presenting multiple values and benefits—social, economic, environmental, equity—has not been realised in climate change policy debate, despite the evidence available to support such an argument. In particular, the social justice dimensions of climate change impacts and policy reform have not gained sufficient purchase.
- Ongoing political division and strongly held, immovable policy positions have done much to create the impasse. (We refer to the discussion by the Grattan Institute of political or party “shibboleths” (Daley et al., 2021).)
- Despite considerable organised evidence provision and advocacy, there has been a lack of a coordinated, broad coalition arguing consistently over time for sufficiently similar policy reforms.
- Intergovernmental agreements or framework policies/strategies are lacking, and have diminished opportunities for coordinated policy debate.

We note that while these factors present barriers to policy reform, the case studies presented here indicate ways in which they might be overcome. In summary: this paper is presented with the objective of encouraging discussion of experiences, perspectives or precedents that might assist in resolving the climate change policy impasse. The interpretations offered in each case study reflect the views of its author(s) and not necessarily those of all contributors, the editors, or the Academy. Arguments presented in this introductory section have been assembled by the editors, incorporating the suggestions of all contributors.

Rationale and process

Notwithstanding increasing action at state and territory level, by civil society and in parts of the private sector, it is apparent that Australia has struggled to reach consensus on a *national policy approach to climate change*. The lack of consensus is evident both in terms of mitigation (reducing greenhouse gas emissions) and adaptation (coping with the unavoidable impacts of climate change). While mitigation is more demanding of national-scale policy measures (such as carbon pricing or vehicle emission standards), and adaptation requires more complex and locally-varying measures, both require national direction and consistency. Indeed, climate change is proving to be one of the most difficult-to-solve policy and political dilemmas that the nation has faced in living memory, not least in terms of conceptualising these scalar interdependencies. Consensus is beyond reach, compromise apparently politically impossible, basic facts are contested, and social divisions seem intransigent.

Explanations of why this is so abound, referring to the issue's long-term nature and cross-sectoral reach, locked-in positions, and vested interests. This discussion paper draws on the examples of comparable policy challenges, recognising that Australia has, over recent decades, seen major initiatives and reforms in areas that, while different to climate change in many ways, were similarly contested, long-term and difficult. What factors were important as barriers and enablers of policy reform in these other cases? What insights might be drawn to enrich our understanding of the climate change policy impasse, and what more focused discussion could arise to resolve that impasse?

The aim of the project was not to propose or endorse specific policy reforms—there are many already proposed—but to inform public and policy debate by looking further and deeper for insights and suggestions, drawing on a range of social science disciplines. Specific and viable policy proposals may come from a particular discipline or profession—economics, law, technology. But to see proposals develop productively through various phases of debate, design, acceptance and implementation requires wider, integrated perspectives.

A secondary goal for this paper is to experiment with a style of comparative policy analysis that, to our knowledge, has not been undertaken before: a reasonably rapid, summary, but well-informed cross-sectoral survey of insights brought to bear on a difficult contemporary issue. Again, these perspectives are offered in the spirit of generating debate, not of identifying solutions.

This discussion paper arose out of an iterative series of discussions conducted under the Academy's auspices. The case studies were offered by fellows of the Academy (in several instances working with their earlier career research partners) and other experts (also reflecting a range of career stages) who responded to an invitation to contribute to this project. That invitation asked for a succinct, evidenced assessment of previous or current policy initiatives which have addressed complex or "wicked" problems, and which highlight the challenges and opportunities of major policy innovation in Australia. The contributors came together for an extended discussion of all papers, assisted by overviews from the Academy Fellows Professors Jon Barnett, John Dryzek and Brian Head, which emphasised (respectively—and among much else) bringing the social justice consideration more strongly into the debate, the new dimensions of identity politics, and non-government initiatives more centrally into analysis. Temporality was also identified as a particular difficulty with climate change, with longer-term impacts

and benefits inevitably discounted against nearer-term costs. Contributors then made a more focussed assessment of the core points the papers might make in combination, revising their papers accordingly, following discussions. The writing instructions followed in this process by contributors were tight—these case studies should each draw on extensive scholarship, professional engagement, and, in many instances, direct experience of the policy processes surveyed. The papers provide both references cited, and further reading. But our objective was to ensure contributions were brief, accessible and focussed.

In preparing these contributions for publication, the editors also imposed a rather rigid template on all—the problem, the process, the lessons. While this approach further narrowed the scope for reflection on complex issues, our objective is to increase the accessibility and integration of this publication overall.

The case studies are (in order of presentation):

- Gender equality: pay equity and parental leave, *Gillian Whitehouse*
- Caring for Country, *Kate Bellchambers and Bhiemie Williamson*
- The introduction of activity-based funding in Victorian hospitals, *Stephen Duckett*
- Australia's contested forests: the Regional Forest Agreement process, *Peter Kanowski*
- National Competition Policy, *Stephen Dovers and Nadeem Samnakay*
- Quality and equity in education, *Barry McGaw*
- Learning from the National Water Initiative, *Mike Young*
- Australian early childhood education and care, *Deborah Brennan and Elizabeth Adamson*
- Housing system reform, *Ilan Wiesel*
- National Disability Insurance Scheme (NDIS), *Karen R. Fisher and Eloise Hummell*

This order in which the case studies are presented is roughly chronological in terms of the periodisation of each issue's most intense period of discussion. Read in this order, they also indicate some issues in phases of public advocacy, the development of institutional capacity, the engagement of sectional interests, and the power of international benchmarks and comparisons.

Two qualifications should be restated. First, covering the detail of climate change impacts and policy across sectors was not an aim of this project. Those issues are covered extensively elsewhere, and even where contributors are engaged in climate change research and policy, that was not their focus here. Second, we do not enter the contested debate over how "success" or "failure" of a particular policy should be assessed (see, for example, Luetjens et al., 2019). These case studies reflect on the context of the policy challenges, the resources on which they drew, and the factors that shaped the pathways of action and reaction.

Climate change policy: Insights from other policy experiences

Subject to these qualifications, 18 themes and factors have been distilled from the case studies as being variably influential but prominent in three or more cases. These are listed below, divided into three broad categories, identified across cases in Table 1, and then briefly discussed in introducing the case studies.

I. Making the case:

1. Crisis, or urgent need for reform widely recognised by public
2. Commonwealth power, leverage or trigger
3. International standard, imperative, agreement
4. Political support, including across parties or governments
5. Vested economic or political interests managed
6. Thin edge of the wedge (building on policy experiments)

II. Making it happen:

7. Broad coalition supporting case
8. Consistent messages and advocacy over extended period
9. Strong/accepted body of evidence
10. Mix of social, economic, cultural, and environmental arguments
11. A prominent economic or “market” argument
12. An argument based on rights and justice
13. Ground-up and community engagement, ability to “experiment” locally

III. Making it stick:

14. Available or achievable suite of policy instruments
15. Institutional capacity to implement and monitor
16. Available administrative and technical means of implementation
17. Flexibility in implementation, state or regional scales
18. Possibility and use of negotiation and compromise

These broad categories can be seen as applying to: (I) framing an issue or problem as a deserving and viable candidate for major policy attention and debate; (II) the elements enabling advocates to mount a convincing case, resulting in policy reform; (III) issues of implementing the reform. These categories, of course, overlap; they are used here for reasons of convenience, organisation and presentation.

The following abbreviations are used in the table to identify the case studies:

- GE:** Gender equality
- CfC:** Caring for Country
- ABF:** Activity-based funding in Victoria
- RFA:** Regional Forest Agreement
- NCP:** National Competition Policy
- Educ:** Quality and equity in education
- NWI:** National Water Initiative
- Child:** Early childhood education and care

Housing: Housing system reform
NDIS: National Disability Insurance Scheme

Table 1: Emergent themes from 10 policy case studies

Case study Theme	GE	CfC	ABF	RFA	NCP	Educ	NWI	Child	Hous-ing	NDIS
<i>I. Making the case</i>										
1. Crisis, or urgent need for reform			◆	◆			◆		◆	◆
2. Commonwealth power, leverage or trigger	◆			◆	◆		◆			◆
3. International standard, imperative, agreement	◆	◆				◆		◆		◆
4. Political support, incl across parties or govts		◆	◆		◆		◆			◆
5. Vested economic or political interests			◆		◆	◆		◆	◆	◆
6. Thin edge of the wedge (building on policy experiments)	◆	◆	◆			◆	◆	◆	◆	
<i>II. Making it happen</i>										
7. Broad coalition supporting case	◆	◆	◆			◆		◆		◆
8. Consistent messages and advocacy over extended period	◆				◆		◆			◆
9. Strong/accepted body of evidence	◆				◆			◆		◆
10. Mix of social, economic, cultural, and environmental arguments		◆		◆			◆			
11. A prominent economic or “market” argument	◆		◆		◆		◆	◆	◆	◆
12. An argument based on rights and justice	◆	◆				◆		◆	◆	◆
13. Ground-up and community engagement, ability to “experiment” locally		◆		◆		◆				
<i>III. Making it stick</i>										
14. Available or achievable suite of policy instruments	◆		◆	◆	◆	◆	◆			
15. Institutional capacity to implement and monitor	◆		◆	◆	◆		◆			◆
16. Available administrative and technical means of implementation	◆	◆	◆	◆						
17. Flexibility in implementation, state or regional scales		◆		◆		◆	◆		◆	
18. Possibility and use of negotiation and compromise		◆		◆						◆

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Gender equality: Pay equity and parental leave

Gillian Whitehouse

The problem

Gender inequality is a multi-faceted problem that is only partially amenable to policy intervention. The “gender order,” or the structure of gender relations in a society based on historically evolving patterns of power relations and social roles (Connell, 2002), sets the context for what is politically and practically feasible. In Australia, where the gender order has only partially moved beyond traditional male-breadwinner norms, gender equality policies often appear radical and require concerted mobilisation over a sustained period and alignment with a suitable political window for implementation. Legislating for gender equality, from broadly-based anti-discrimination laws to more specifically targeted interventions, has thus consistently been a highly contested process.

Among the wide array of policy initiatives designed to advance gender equality, measures to ameliorate gender-based labour market inequality have been particularly constrained by the prevailing gender order. The two legislative interventions under examination here: mandating gender pay equity and paid parental leave, illustrate these constraints in the form of resiliently gendered assumptions about the value of work in female-dominated occupations and women’s social role as mothers and unpaid family care workers. Additionally, they underline the problems for policy advancement and maintenance in the context of changing labour markets (which continually recreate gender pay inequalities) and institutional frameworks (particularly trends in the centralisation and regulation of wage-setting machinery). Paid parental leave has also encountered the problem of historical path dependencies that limit funding options and thus the range of politically acceptable policy choices. Together, they highlight the interdependencies central to policy reform agendas.

The process

Examination of the different processes through which legislative measures to mandate gender pay equity and deliver paid parental leave have gained traction in Australia illustrates some of the ways in which resistance has been deflected and political acceptance gained for highly contested initiatives. Neither policy represents anything more than a partial (and fragile) success story in Australia, yet each offers some adoption and implementation lessons with potential relevance for other policy domains.

Gender pay equity

Based on the concept of “equal remuneration for work of equal value” adopted by the ILO in 1951 (ILO 100, Equal Remuneration Convention), gender pay equity requires the systematic evaluation of work and remedies for gender-based undervaluation in wage-setting systems. It remains a frustratingly elusive goal, as wage disparities are continually recreated in evolving and fragmenting labour markets (Rubery and Grimshaw, 2015; Whitehouse and Smith, 2020).

The principle of equal pay for work of equal value was first adopted in the federal wage-setting system in Australia in 1972. This inclusion was driven by ongoing pressure from activists (given the limited impact of the equal pay for equal work principle adopted in 1969) and by the context of the then federal government's intent to ratify ILO 100 with its explicit focus on the notion of "equal value." Although the gender pay gap narrowed considerably during the 1970s in Australia (largely reflecting the broad coverage of centralised wage-setting at the time), application of the 1972 principle was limited and the capacity for redress was further eroded with the subsequent weakening and decentralisation of the wage-setting framework from the latter decades of the 20th century (Smith and Whitehouse, 2020).

Incorporation of an equal remuneration principle in federal legislation in 1993, and its subsequent maintenance and refinement through successive iterations of industrial relations legislation, represent incremental improvements in the federal regulatory framework, given the power of legal provisions to confer principles with authority. Significant advances were also made through state-level Pay Equity Inquiries, most importantly, those conducted in NSW (Glynn, 1998) and Queensland (Fisher, 2001). These inquiries produced exemplary "pay equity principles" designed to move beyond previously encountered barriers, such as interpretation of the 1993 federal provisions as requiring proof of discrimination and the need for a specific "male comparator" to establish gender-based undervaluation. These advances again reflected the strong role of activists, especially the coordinated efforts of the National Pay Equality Coalition, which monitored gender pay inequality and provided expert analysis and strategy advice (Blackman et al., 2020). Currently, the Fair Work Act, at s302(1), requires "equal remuneration for men and women workers for work of equal or comparable value." This wording reflects cumulative lessons from previous cases in the federal jurisdiction and does not preclude (although does not require) application of the advances made under state-level inquiries.

Prosecutions to date under the provisions of the Fair Work Act show that successful redress of gender-based undervaluation is far from guaranteed: a decision for social and community services workers in 2012 delivered significant gains, but in a subsequent case for early childhood education and care workers, the tribunal rejected the prior reasoning, based on gender-based undervaluation (Smith and Whitehouse, 2020). These slippages illustrate the fragility of the measures in place and the capacity for contrasting interpretations of their meaning. In this context, there is no clear trajectory towards gender pay equity.

Paid parental leave

Paid parental leave is a gender equality measure to the extent that it facilitates both mothers' labour force attachment and fathers' engagement in parenting and domestic labour, thus supporting what Fraser (1997) has termed a "universal caregiver" post-industrial welfare model (or, in other terminology, a "dual earner/dual carer" society). Although it has limited capacity to drive major change in the overarching gender order on its own, appropriately designed parental leave is a crucial component of the constellation of policies that act to consolidate or challenge gendered divisions of labour. Moreover, it can readily be extended to same-sex couples and parents in other family arrangements.

Australia has faced considerable difficulty in this policy arena. The industrial relations system provided an avenue through which the union movement was able to secure unpaid parental leave at an early stage (commencing with 12 months unpaid—but job secure—maternity leave in 1979, subsequently extended to fathers as "parental leave"

in 1990). However, in the absence of a contributory social insurance scheme, paid leave was a step too far for claims in industrial tribunals. The inability to successfully introduce the entitlement under the last round of the Accord in the early 1990s, followed by the social conservatism of the Howard governments, held back adoption of a paid leave entitlement, with policies reverting instead to variations on a maternity allowance (Brennan, 2009). When the Rudd government finally passed the Paid Parental Leave Act in 2010, the provision of 18 weeks' pay at the national minimum wage and paid out of general revenue echoed this maternalism. While the gender-neutral label "parental leave" was used, the entitlement was, in effect, a form of maternity leave, and is classified as such by the OECD (OECD, 2019: 3). It is directed to mothers (who may transfer the entitlement to another carer in specific circumstances), with two weeks' paid leave for fathers or partners (Dad and Partner Pay, commencing in 2013) a separate and limited entitlement.

The scheme thus fell well short of a model supportive of gender equality, in part due to path dependencies that limited funding options and moves beyond embedded maternalism in social policy. It was nevertheless a considerable achievement, fought for over a sustained period by coalitions of activists and involving major inquiries and reports (most importantly, HREOC, 2002; Productivity Commission, 2009). While resistance was initially encountered from governments and groups who saw it as a benefit to working women that would be denied to mothers not in the labour force, the consistency of arguments from activists across different sectors of society helped to garner support. Additionally, concerns over the budgetary implications of a government-funded scheme were addressed effectively by referring the issue to the Productivity Commission to assess the costs and benefits and thus, in effect, to legitimise the introduction of a scheme.

The lessons

Some of the policy lessons that can be drawn from the example of *gender pay equity* are:

- the importance of ongoing monitoring and mobilisation around the issue, in this case particularly by unions and women's groups (especially the National Pay Equity Coalition);
- the utility of Pay Equity Inquiries that provided an educative role for all parties (unions, employers, tribunal commissioners and the public) and produced exemplary pay equity principles capable of avoiding previously encountered barriers;
- the importance of an international convention (ILO 100) in legitimising the need for action (although international conventions and standards can and have been resisted politically using nationalist rhetoric—so this can be a double-edged sword);
- the risk of losing earlier gains as inequalities are recreated and legislative measures are interpreted in different ways over time.

Among the lessons to be gleaned from the protracted process of getting *paid parental leave* onto the Australian Government's policy agenda are:

- the utility of a Productivity Commission Inquiry, which, in this case, diffused resistance within government and the general public, and provided the

government with a set of policy recommendations that could be adopted without significant contention;

- the accumulation of evidence in support of the policy, including through the earlier HREOC Inquiry, which underlined the social benefits of a paid leave scheme and provided a focus for mobilisation and public interest around the issue;
- the broad coalition of groups that came together in support of a policy, including business and union leaders as well as a wide range of community groups;
- the international “shaming” of being one of only two OECD countries without a paid parental leave scheme at the time. (This was a surprise to some in the business community and underpinned the support of several business leaders.)

Taken together, these case studies suggest the utility of a powerful tribunal that is one step removed from government, even though—as the pay equity example shows—there is no guarantee of progressive or consistent decisions in the relevant arena. Australians’ trust in the “arbitration system” has been high historically, suggesting that machinery of this nature may have some advantages in diffusing political tensions and providing a forum in which parties are required to come to an agreement or abide by an umpire’s decision. While not so clearly applicable outside the wage-determination arena, it provides an example of regulatory machinery that can encompass public debate and contestation in the determination of principles and potentially enhance the acceptability of decisions.

In spite of occasional challenges since the adoption of the parental leave scheme (such as the “double dipping” controversy) and the limitations of the policy design (particularly in relation to gender equality), that policy has also acted to some extent as a “thin end of the wedge,” allowing for incremental advances in inclusiveness and flexibility. This is not enough to drive radical advances (which would be difficult without changes to funding arrangements) or to overcome implementation problems such as low uptake levels among fathers. It signals, however, some of the ways in which policies can become normalised and incrementally advanced once a basic provision is in place.

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Caring for Country

Kate Bellchambers and Bhiemie Williamson

The problem

The recognition of assets and rights in the “Indigenous estate” and the agendas of environmental protection has been a dynamic area of Australian policy intersection over the past 50 years. As a concept, the [Indigenous estate](#) has been variously defined and applied to reflect the extent and nature of Indigenous land ownership across Australia. As Altman et al. (2007: 23) suggest, the Indigenous estate encompasses a diversity of landholdings with values that are “multidimensional. It consists of a range of economic, social, cultural, natural and other values which are essentially incalculable.”

The evolution of the concept can be traced to developments such as the introduction of the [Aboriginal Land Rights \(Northern Territory\) Act 1976](#), agreements on the co-management of national parks and the national frameworks established under the [Native Title Act 1993](#). These interventions have increased opportunities for Indigenous people to return to their country and address the adverse environmental impacts of colonisation. Concurrently, Indigenous people have voiced the importance of self-determination in access, control and management of ancestral country, with outcomes such as the 1988 Barunga Statement and 1990 Millstream Recommendation. Indigenous land management has provided a foundation for a wider package of measures addressing social justice, community development and the preservation and resurgence of cultural practices. The increasing size of the Indigenous estate, and its environmental significance, has itself compelled Commonwealth engagement with Indigenous people. At the same time, it is evident that Indigenous land and water management continues to expand across a range of land tenures and management arrangements.

These diverse provisions and principles have informed a range of initiatives associated with Caring for Country programs. These programs—best understood as a suite of initiatives held together or categorisable around a core set of values, knowledge and aspirations—depend on support within communities, even when broad public visibility and government investment might be inconsistent. On this basis, there is a parallel with the Landcare programs which developed with key non-government (Australian Conservation Foundation and National Farmers’ Federation) support.

The Caring for Country programs that now operate across Australia have grown from Indigenous-led action. They are grounded in a distinctly Indigenous philosophy arising out of Indigenous peoples’ ancestral and ongoing connections to their traditional homelands. Caring for Country reflects Indigenous aspirations to protect country from external threats, repair damaged landscapes, activate and strengthen cultural practice, and promote community-based and integrated economic development opportunities. This movement encompasses a diversity of on-ground practice shaped by local history, experience and concerns, and builds on partnerships with green groups, community working parties and local land councils. Equally, some initiatives that have built on Indigenous communities’ aspirations for local economic development have tested broader conservation and environmental regulation. The most widespread and recognisable Caring for Country initiatives are Indigenous ranger groups (Williamson,

2021). It is necessary for these programs to navigate government, scientific, research and environmental agendas, negotiating points of intersection and compromise to support community aspirations. Increasingly, Indigenous people are collaborating across environmental philanthropy, the corporate and not-for-profit sectors to support Caring for Country activities.

These programs have received support across the political spectrum, [positive evaluations](#) and [international awards](#). Research highlights the benefits of Caring for Country Programs from enhanced environmental management (Garnett and Sithole, 2007), increased household income, regional economic growth (Jarvis et al., 2018), to positive health and wellbeing outcomes (Jones et al., 2018). This movement presents a model of Indigenous-led conservation that continues to inspire similar initiatives internationally, for instance, [Indigenous Guardianship programs in Canada](#). The legacy of Caring for Country positions Indigenous people at the forefront of Australia's response to climate change, with ready examples of community-based action such as Indigenous-led [carbon abatement](#).

The problem posed by Caring for Country in the context of this discussion paper relates to identifying core strengths across diverse practices on which to consolidate expertise and experience, and to minimise the extent to which political flux can compromise progress. The history of Caring for Country reveals that the success of this cultural-environmental movement has been facilitated against the backdrop of generational policy uncertainty. Despite Caring for Country programs being widely regarded as positive policy, it continues to be a policy arena in-flux, with the only clear leadership coming from Indigenous communities themselves.

The process

While the Commonwealth has historically led in supporting Caring for Country programs, investment and policy settings remain dynamic. Following the 1967 referendum, the Commonwealth began efforts to support country-based employment and enterprises, such as the 1968 Commonwealth Capital Fund for Aboriginal Enterprises. Early Caring for Country efforts primarily drew on funding from the Commonwealth's Community Development Employment Projects (CDEP) as well as opportunistic fee-for-service contracts and short-term grants (Smyth 2011: 3). [CDEP](#) was introduced in 1977 to support employment and development programs run by local organisations and was largely ended by the Howard government in 2007. The first targeted Commonwealth investment came in 1988 with the Contract Employment Program for Aboriginals in Natural and Cultural Resource Management (CEPANCRM), which offered flexible Indigenous employment and training in cultural land management.

In 1993, Australia ratified the [UN Convention on Biological Diversity](#) and set out to develop a National Reserve System (NRS). A representative NRS relied on the inclusion of Indigenous owned lands. In 1997, with funding reallocated from CEPANCRM, the [Indigenous Protected Area \(IPA\) program](#) commenced to support Indigenous people to declare and manage land for biodiversity conservation.

Indigenous people continued lobbying efforts for more secure and streamlined cultural land management funding, and in 2007, the Working on Country (WoC) program was introduced (Kerins, 2012). Its design was "guided by the work of the Aboriginal Land Councils and existing ranger groups" (Commonwealth of Australia, 2009: 2). WoC was first funded through [A Better Future for Indigenous Australians](#), which sought to

transition Indigenous people from CDEP into “real jobs.” Departmental officials relied on the narrative of job creation to encourage Cabinet support (Mackie and Meacham, 2016: 160).

In 2014, as part of the Commonwealth’s efforts to consolidate Indigenous programs, IPA and WoC were largely moved from their initial departmental home in the Department of the Environment to the Department of the Prime Minister and Cabinet’s [Indigenous Advancement Strategy \(IAS\)](#). In 2020, a funding extension was announced for the [Indigenous Ranger Program](#) through to 2028. This 7-year commitment marked new funding security as well as a departure from the signature term “Working on Country.” The Commonwealth currently contracts 898 full-time Indigenous ranger positions across 129 ranger groups and funds 78 designated IPAs that comprise 47% of the NRS.

Recently, the [Royal Commission into National Natural Disaster Arrangements](#) recommended that the Commonwealth Government support states and territories to deliver targeted support for Indigenous ranger groups (Binskin et al., 2020: 396). Although somewhat innocuous, the strategic omission of the role of the Commonwealth in the Royal Commission solidifies what many in the sector have suspected, that the Commonwealth Government is seeking to push responsibility for Caring for Country programs onto states and territories. Notwithstanding states and territories have an important role to play, the Commonwealth Government continues to hold responsibilities to support these groups, as it has always done. Failing to support Caring for Country at the Commonwealth level fails to acknowledge its national significance in Australia’s climate change response.

The lessons

The Commonwealth Government can create sustainability and certainty for grassroots Caring for Country programs by focusing attention on five ongoing challenges:

- **Funding:** Sustainable and adequate investment will support the realisation of environmental outcomes, staff retention and investment in training and specialisation for Indigenous people. Caring for Country programs require appropriate resourcing for governance arrangements, operational budgets and support staff to meet local priorities outlined in community-based plans. Continually changing policy and administration arrangements can disrupt program implementation, increase transaction costs on the ground, and result in the loss of departmental expertise and relationships.
- **Coordination:** Ensuring that opportunities are equitable across Australia and that Caring for Country groups have opportunities to come together and learn from one another. The Commonwealth also has a role in coordinating the transfer of land management responsibilities currently held by government agencies to Indigenous people, in line with their local aspirations.
- **Planning:** Supporting Indigenous groups to create long-term strategic plans for their lands and waters and ensuring that policy accommodates the regional diversity of plans. Strong community-based planning has been a key feature of success in the IPA program. Refining and adapting this planning process ensures that local Indigenous communities are at the heart of decision-making.

- **Insurance:** Increasingly, Caring for Country groups are confronted with issues of insurance. These include the cost of insurance premiums for undertaking “hazardous” activities, such as cultural burning, and the larger issues of insurance not being fit-for-purpose. For instance, there is currently no insurance type that accurately accounts for Caring for Country activities and that responds to the unique circumstances of Indigenous ranger groups.
- **Regulation:** Much of Australia’s protected areas are governed by a regulatory regime that no longer meets the challenges of climate change, for instance, the National Parks and Wildlife Act 1974 (NSW) is now 47 years old. Yet this legislative instrument continues to largely determine what can and can’t be done in national parks and protected areas throughout NSW. We speculate that this issue is not limited to NSW alone. Indigenous perspectives present a strategic opportunity to restructure legislative frameworks to meet the challenges of climate change. For example, when the Gunditjmara people in central Victoria were handed back “Mt Eccles National Park,” they redesigned it as the “Budj Bim Cultural Landscape.” Reconceptualising national parks and protected areas through an Indigenous lens creates an opportunity to radically rethink peoples’ relationship with land and foster Caring for Country initiatives.

The long-term impacts of tireless and intergenerational leadership include the protection and maintenance of diverse ecosystems, safeguarding threatened species, transmission of Indigenous knowledge and customary practice, economic development and Indigenous-scientific collaborations, to name a few. Caring for Country is also promoting a slow but steady process of “Indigenising” Australia’s land management sector, most observable in society-wide calls to embed cultural burning within Australia’s fire management regimes. Grassroots Caring for Country is already playing a leading national role in addressing the challenges of climate change—it is time this is recognised and harnessed as a key element of Australia’s climate change policy response.

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Ⓞ Lifts to Building 28 Level 1 Only
Sacred Space
Ⓞ Hospital Main Reception / Ⓞ Toilets / Exit - Way Out



Ⓞ Hospital Main Reception
Patient Accounts
Building 1 N.21 / Ⓞ Toilets



EXIT TO
MAIN ENTRANCE
→

Introduction of activity-based funding (ABF) in Victoria

Stephen Duckett

The problem

Hospital funding in Australia has an often accidental history too complex to be rehearsed here. It is a story compounded by repeated attempts to remodel tangled schemes and the often acrimonious negotiations between interested parties, especially those associated with federalism. Promises of “certainty” in the provision of fundamental but expanding services, and commitments to effectively price changing patterns of hospital care, have been bargained against attempts to “incentivise” efficiency in provision, limiting expenditure and/or shifting responsibility for managing its increase. Never too far from the centre of election campaigns, hospital funding has also had major implications for overall budgetary policy.

The introduction of activity-based funding (ABF) in Victoria in 1993 has been described as the most significant health policy reform in Australia since Medicare. Activity-based funding is a scheme whereby public hospitals are funded according to a formula based on their volume and mix of activity (such as the number of hip replacements, patients admitted for heart failure, and outpatient clinic activity). The core principles of the ABF model were:

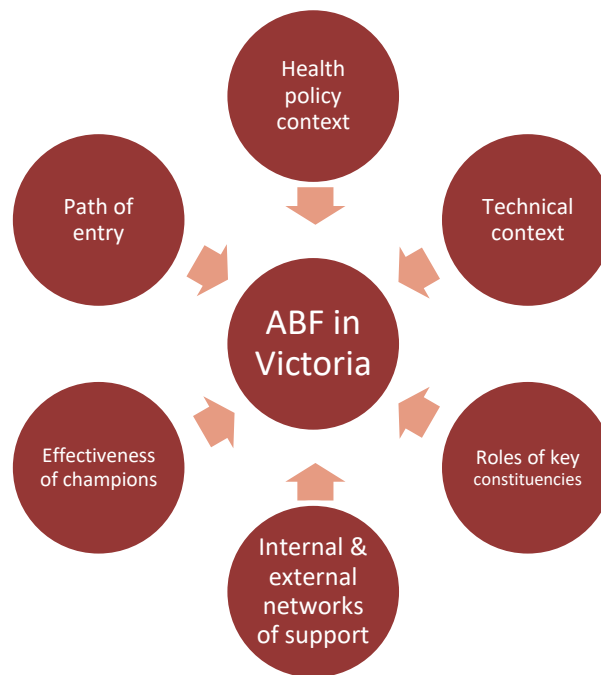
- accountability of hospitals for the costs and quality of patient care, adjusted to mix of cases treated;
- assessing the product of hospital care as the treated patient, not individual services.

I led the design and implementation of ABF in Victoria.

The process

The Victoria implementation was driven by a politically-mandated budget imperative—to reduce public sector outlays on health care. This political mandate was transformed into a technocratic one—to improve average efficiency of public hospital services (and achieve the budget target by efficiency improvement rather than service reductions).

The ABF model had a long gestation period, essentially slowed by internal bureaucratic battles. The process for its introduction has been described elsewhere (Duckett, 1994; Lin and Duckett, 1997; Duckett, 2008). Essentially, there were six supporting factors which influenced the successful implementation:



- *The health policy context:* A new (Kennett) government, which forced a 10% budget cut, stimulated and supported the transition. The size of the budget cut created a sense of urgency and precluded more traditional responses to implementing the cut. The new government was also predisposed towards quasi (or actual) market approaches to public sector management;
- *The technical context* included a long history of development within the Health Department, supported by external academic experts, development over a number of years of IT infrastructure to support implementation, and implementation in a hospital field which had been softened up for implementation;
- There were *key constituencies in support* of the change, including the government, leading clinicians, and the principal industry group—the Victorian Hospitals Association;
- *Internal and external networks of support*, including informal support from the Commonwealth Department of Health, and several relevant external advisory committees. These latter helped neutralise opposition from other affected parties (e.g., unions, AMA);
- *Effective champions:* The change was supported by the Minister for Health, a reforming secretary (John Paterson) and the relevant senior departmental officials;
- The *path of entry* for the policy was bureaucratic.

The lessons

This case study shows the importance of the policy window. Implementation of activity-based funding could have occurred—in a cost-neutral way—under a previous Labor

Government, but ministers and bureaucratic leaders were too timid or wedded to an alternative funding strategy which gave greater flexibility in negotiating politically-sensitive budget outcomes.

The importance of political support in overcoming union opposition—essentially unions opposed the budget cuts, although the activity-based funding approach was opposed as well—cannot be overestimated.

The new way of funding hospitals led to skills deficits in hospital leadership. They had previously been able to use political tactics to increase their budgets, rather than being forced to address inefficiency issues internally, a key goal of the policy.

The design of activity-based funding was extremely complex and involved a combination of pricing new regulatory instruments, together with new financial incentives, for example, to reduce waiting times.

Activity-based funding has proved to be resilient—it was not dismantled by subsequent Victorian Governments and has survived two Liberal-Labor transitions and one Labor-Liberal. Twenty years after the Victorian implementation, it was adopted nationally by a Labor Government, and, after a brief challenge under the Abbot-led coalition government, has continued under the current Morrison government.

The contrast with Medicare is significant. The path of entry there was political, that is, Medicare was imposed on the bureaucracy, and vigorously opposed by major interest groups. Arguably, this pathway has significant similarities to a policy design and implementation process appropriate to climate change.

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Australia's contested forests: the Regional Forest Agreement process

Peter Kanowski

The problem

Contestation over the management of Australia's forests began with the dispossession of First Nations Australians. By the late 19th century, concerns about the "wanton destruction" of forests for agriculture and associated impacts on forest values catalysed the reservation of state forests and the establishment of agencies with responsibility for their management. By the 1970s, those agencies' interpretation of their mandates, reflected in part in expanded native forest harvesting for woodchip exports and forest conversion for plantations, intersected with a growing environmental consciousness and countervailing values. Place-based conflicts such as those in the rainforests of Terania Creek, NSW, increasingly generated national attention and spread to other areas.

Enabled by the High Court's Tasmanian Dam decision of 1983, the Commonwealth began asserting greater and hitherto unprecedented control over forest management, which had been the states' domain since federation. The Commonwealth used a variety of instruments to curtail timber harvesting and promote the transfer of forests to conservation tenures. World Heritage powers, for example, ended logging on Fraser Island and in the Wet Tropics. Other measures included inquiry processes into Tasmania's southern forests and annual woodchip export licencing. Conflicts intensified between forest agencies, industries and environmentalists, and between Commonwealth ministers representing environment and industry portfolios. Attempts to forge consensus, at scales from local to national, were seldom successful, preoccupied government and became symptomatic of dysfunctional policy processes. The conjunction of the National Strategy for Ecologically Sustainable Development, the first National Forest Policy Statement developed by the Commonwealth and states, the Resource Assessment Commission's major Forest Inquiry, and ongoing conflict exemplified by the log truck blockade of Parliament House in early 1995, added to the imperative of finding a sustainable policy response to this matrix of problems.

The process

The goal of the Regional Forest Agreement (RFA) process (1995–2002) was to reconcile diverse social and political values and different beliefs about how decisions over public goods and the public good should be made, between competing interests and between national and state levels of government. The policy problem was defined as one of "balancing economic, social and environmental demands on forests" against a set of criteria reflecting these values. The incorporation of these processes into the

1997 COAG “Heads of Agreement on Commonwealth and State roles and responsibilities for the Environment” and the depth of bipartisan recognition of the political benefits to the Commonwealth Government of “ending the forest wars” ensured the RFA process continued after the change of national government in 1996.

A series of joint Commonwealth-state “Comprehensive Regional Assessments” (CRAs) of 11 commercially-important native forest regions led to the development of Regional Forest Agreements of 20 years’ duration for each. The three core objectives in these agreements were: developing and implementing a comprehensive, adequate and representative (CAR) conservation reserve system, promoting ecologically sustainable forest management outside reserves, and facilitating development of internationally-competitive forest industries. Each RFA was essentially a public forest land use planning and allocation process informed by substantive assessments of environmental, heritage, social and economic forest values.

In practice, each RFA process was a different conjunction of technical, bureaucratic, community and political sub-processes and dynamics. The positions of the environment and wood industries groups were largely those already established; the CRAs and community engagement processes variously gave voice to other interests, notably traditional owners, non-wood forest products industries, and regional communities. The technically-focused CRAs were generally seen as a strength, and the community engagement processes, in some regions, as a weakness. The outcomes, which delivered both a CAR reserve system and the continuation of native forest logging, were invariably the product of inter-agency and jurisdiction negotiation. The extent to which these inherent compromises satisfied non-government stakeholders is reflected in the subsequent levels of contestation.

The RFA process is generally understood to have been the most expensive environmental planning process undertaken in Australia. Commonwealth expenditure on the CRA component was \$115 M, with the states collectively contributing similarly.

The Commonwealth Regional Forest Agreement Act 2002 and corresponding state legislation gave effect to the RFAs. The Commonwealth legislation provided an exemption from the provisions of the Environmental Protection and Biodiversity Conservation (EPBC) Act 1999 for forestry activities in RFA regions by accrediting the relevant state forest management systems. Not all 5-yearly reviews were conducted as originally intended. Some were combined, and all were conducted as essentially technical reviews. In general, the objectives of all governments in managing the review and renewal process have been to expedite the process and minimise any adverse political exposure.

Many conservation groups, advocates and researchers remain opposed to wood production from native forests, and have continued public and political campaigns for the reservation of all native forests from logging. In a few cases, notably the Tasmanian “Peace Process” (2009–2013), this has led to “beyond RFA” outcomes supported by key stakeholders. More typically, there has been ongoing contestation, exacerbated by catastrophic events such as the Victorian Black Saturday fires of 2009 and the Black Summer fires of 2019–2020. A legal challenge to the adequacy of environmental

protection afforded by the RFAs under the exemption from the EPBC Act was recently successful in Victoria, and another is pending in Tasmania. The 2020 Samuels Review of the EPBC Act recommended revisions of the RFA arrangements and EPBC Acts to ensure consistency of forest management under an RFA with the National Environmental Standards (Samuels, 2020).

Notwithstanding, all RFAs but those in Victoria have been extended for a further 20 years. In 2020, the Victorian Government announced that public native forest harvesting in Victoria would cease in 2030. “Modernised” Victorian RFAs were extended until then. The Queensland Government has granted some shorter extensions to public native forest harvesting beyond the original South East Forest Agreement timelines as it reviews future forest industry arrangements.

The lessons

In keeping with the spirit of contestation over forests, these conclusions remain open to debate:

- the underlying divergence within the Australian community about forest values, and the extent to which they can and should be “balanced” means that the legitimacy of a process that explicitly sought “balance” between competing interests will (continue to) be questioned;
- the core design elements of the RFAs—natural and social science assessments informing decision-makers and communities on a “regional” basis—and their implementation deserve more credit than often attributed by critics, as does the resultant CAR reserve system;
- the character, quality and robustness of community engagement and its influence on bureaucratic and political decision-making varied within and between states, with the better examples offering learnings for future processes;
- the intergovernmental “political solution” to the forest wars represented by the RFAs has remained quite durable, even as those in particular states (e.g., Tasmania, Victoria) were “overtaken” by other processes or decisions;
- the RFA goal of internationally competitive forest industries has been relatively little-realised, notwithstanding the relative “security” of resource supply (albeit impacted by fires and other supply decisions) and reflecting the broader challenges facing Australian processing and manufacturing industries. This experience is relevant to other regional economic transitions;
- whilst the RFAs gave space and voice to a wider suite of interests in forests, an oversimplified and misleading characterisation of “jobs vs environment” prevailed, and continues, as a dominant discourse around forests. This too has many echoes in other environment-related arenas.

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National Competition Policy

Stephen Dovers and Nadeem Samnakay

The problem

[The National Competition Council's aim is to] improve the well-being of all Australians through growth, innovation and rising productivity, and by promoting competition that is in the national interest The NCP represented the most comprehensive, integrated and systematic reform program covering all governments in Australia's history. (National Competition Council, 2007: 6, 28)

From the mid-1990s, a decade of strong, consistent microeconomic reforms in Australia drove major changes in how both private and public sector organisations were expected and permitted to operate. Among the core premises in this initiative was the need to ensure “consumers” had access to efficiently/competitively provided and priced services (including from public and professional agents), and that such access was lifted above the “patchwork coverage” arising from the legacies of federalism. The establishment of the Council of Australian Governments in 1992 was a mechanism to provide this elevation, and an independent inquiry to inform such scrutiny, with particular attention to the “restructuring of public sector monopoly businesses to increase competition” and to “extend prices surveillance arrangements to State and Territory government businesses (<http://ncp.ncc.gov.au/pages/about>).” Unusually, in a rare show of universal political alignment, this was a government-led policy reform that targeted the behaviour of *governments*, as much as, if not more than, it did the private sector, firms and households. The National Competition Council (NCC) was established in 1995 as a research and advisory body to oversee these processes.

These initiatives inevitably evoke the peculiarly Australian descriptor “economic rationalism” (Pusey, 1991): the view that economic efficiency and competitiveness would drive prosperity, that monopolies or anything resembling such were counterproductive to national economic interests, and that the role of government and regulation should be limited to essential public services and correcting clear market failures. The message was that the too-long coddled, cosseted and protected Australian economy (and thereby society) must be modernised, made efficient and become competitive. Unleashed fully under the Hawke-Keating governments (1983–1996) and continued under the Howard governments (1996–2007), this approach has not been departed from in a substantial sense thereafter, notwithstanding some departures from the “true faith” of markets, and passing deference to “community obligations” by governments of all persuasions from time to time. Australia was not alone in being heavily influenced by this theoretical and political preference for letting the market decide, especially sharing it with other English-speaking countries (Castles, 1990).

Ten years after its introduction, the OECD praised National Competition Council processes as providing “a model for other OECD countries in ... the tenacity and thoroughness with which deep structural reforms were proposed, discussed, legislated, implemented and followed-up in virtually all markets” (OECD, 2005: 11). Ongoing debates about the assessment of sustained and sustainable productivity require continued review of such assessments—but the “problems” of policy seem to have been decisively redefined.

The process

The NCP was the centrepiece in a wide front of reforms that saw the dilution or removal of state control of many areas previously firmly in the public sphere, via revised regulation, privatisation, marketisation or corporatisation. As with a number of reforms instituted in this period (see case study vii below), a then very impressive \$17 billion in tranche payments was used by the Commonwealth to incentivise state/territory compliance, and to deter non-compliance through withholding payments in retribution for slow implementation. The National Competition Council's advice to the Commonwealth Treasurer on state and territory progress in meeting agreed competition reforms exercised considerable influence. Sectors that demonstrated significant reforms included service provision, energy utilities, water supply, transport and more.

Inevitably, there were disagreements with such a direction. Apart from such fundamental political disagreement with the general direction of such "economic rationalism," the major arguments over the policy and its implementation concerned the "public interest test," whereby broader social goals could be reasons for excusing what appeared to be "anti-competitive" regulatory or financial measures (NCC, 1996). A relatively open process, however, allowed for such concerns to be addressed. And, in those processes, the NCP literally changed the nation's economic engine, driving both public and private sector behaviour change in the name of economic efficiency and competitiveness. The opening quote from the NCC above may seem self-praiseworthy, but the claim of "most comprehensive, integrated and systematic reform program" is justified, given the impact on society and economy.

The lasting legacy of the decade of the NCP manifests through policy and legislative changes that still persist, through the influence of powerful organisations such as the Australian Competition and Consumer Commission (ACCC), the Productivity Commission (PC), and through the albeit now much more limited role of the NCC. The first two agencies, at least, have secured a central place in independent assessments of public policy, expanding the field of reference over time to integrate social and cultural considerations into economic assessments, to navigate the competing demands of federalism, and to expand concepts of role of government to include the effectiveness of governance (see Hughes, 2011).

There is a sizable literature on the NCP, neutral, supportive and critical (e.g., McDonald, 2007; Curran and Hollander, 2002; Harris, 2014). In sharp summary, commonly identified reasons why the NCP was so influential include:

- a claimed factual and intellectual basis, foremost in the supposedly authoritative Hilmer Report (Hilmer et al., 1993), which conveyed the dominant neo-classical economic thinking at the time and coinciding with neo-liberal, pro-market political preferences;
- a remarkable degree of alignment between all Australian governments across party lines, in keeping with the point above—whether some state governments fully realised the eventual implications is debatable;
- a statutory basis, less easily changed or ignored than the often more typical but unaccountable "policy statement" or intergovernmental agreement;
- clever use by the federal government of tranche payments to the states dependent on implementation—without these and the fiscal incentive thus provided it is unclear whether the states would have so vigorously obliged;

- the creation and existence of (reasonably) strong reporting, monitoring and regulatory agencies to aid further implementation (principally the NCC and ACCC);
- well-detailed specification of aims, principles and processes in the set of laws and policy documents; there was not a great deal of wriggle room;
- targeting statute law via a wide-ranging legislative review, and thus producing more systemic institutional change, rather than relying on mutable policy or minor regulatory changes;
- a focus on both public and private sector reforms, which distributed the pain of reform—there were little to no exceptions.

The lessons

Federal systems in particular commonly rely on principles-based “framework” or “strategic” policies to drive national-scale reform, in areas where the national government shares powers with the state (provincial) level (Samnakay, 2017, 2020; Pittcock et al., 2015). There is, however, scant literature on such strategic policies, especially in a comparative sense. Here, we compare the NCP against a selection of other national level strategic policies, exposing the success features of the NCP in the Australian context.

Table 2 provides a comparative analysis of the NCP with other national policies: the National Strategy for Ecologically Sustainable Development (ESD), the National Water Initiative (NWI) and Regional Forest Agreements (RFAs). (See also Young’s commentary on the NWI and Kanowski’s on RFAs in this volume.) These represent a selection of principles-based policies that can be measured against a range of implementation criteria considered necessary for successful policy implementation in a federal model like Australia. The emphasis on environment and sustainability policies is deliberate, reflecting that this is one of few domains where comparative studies of strategic policy analysis has been undertaken, and that there have been multiple reviews of these longstanding policies from which to draw upon.

The policy success attributes and the assessment of each strategic policy draw upon an in-depth analysis of a broad suite of published, peer reviewed environment and sustainability literature and policy research (Samnakay, 2017, 2020). In addition, 17 formal reviews of environment and sustainability policies published by the Australian National Audit Office and the Productivity Commission were analysed to gain an understanding of strengths and weaknesses in strategic policy design and implementation, along with a group interview process involving policy experts (on methods used, see Samnakay, 2021).

Table 2: Policy attributes comparing NCP implementation with other national strategic policies

Policy success attribute	NCP	ESD	NWI	RFA
Commonwealth has an accepted role in policy leadership	✓	P	P	X
Objectives are measurable, well-articulated and clear	✓	X	✓	X
Policy outcomes are clearly evident	✓	X	✓	P
Periodic policy reviews inform policy adaptation	✓	X	P	P
Policy has broad acceptance from political and other stakeholders	✓	X	P	X
Policy support has endured decadal timeframes	✓	X	✓	P
Governance, legislative and institutional arrangements are clear across all tiers of government	✓	X	✓	✓
Financial resources are apparent and enduring	✓	X	✓	P
Other policy instruments support implementation (e.g., penalties, tax incentives)	✓	X	X	P
Risks of policy failure are recognised and compliance mechanisms are strong	✓	X	X	X

Note: ✓ reflects the criterion is well met, X represents the criterion is poorly met, P represents the criterion is partially met.

We acknowledge that a simple “met,” “unmet” and “partially met” assessment masks some complexity and contestability. The intention here is to show that the NCP strongly meets most of the success factors for strategic policies, which is not always the case in national policies.

It is clear that the NCP enjoyed near-unanimous political support across governments and a sufficiency of powerful policy actors, to an extent rarely seen with other major policy reforms, and this accounts for much of its “success” story. But Table 1 also indicates that the NCP was designed and implemented in a purposeful fashion that literally ticked all the boxes to ensure that the reforms happened and persisted. That, we believe, has lessons for other policy sectors and possible reforms, including climate change.

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Quality and equity in education

Barry McGaw

The problem

Many factors account for an increasing focus in the assessment of educational outcomes, not only in terms of students' learning of "content" but also their capacity to *use* the knowledge and skills they have acquired. The pressures on social cohesion in communities characterised by increasing diversity, and the preparing for the demands on flexibility and adaptability in changing labour markets, are prominent among them. Both centre on strengthening a concept of social capital, that is, the development of networks and norms of reciprocity and trust that enhance productivity and the development of human capital. These perspectives have added their own new dimensions to issues of quality and equity in education, and to assessments of the relative performance of Australia on these scales. They have also significantly broadened the range of interests and expertise in and beyond government that are engaged in these discussions. In February 2006, for example, the Council of Australian Governments (COAG) acknowledged that its "human capital agenda ... represents an ambitious partnership" and agreed that the next step would be "to translate the broad reform agenda agreed to ... into clear measurable outcome and concrete actions."

Joint goals of quality and equity in educational outcomes are set for Australian school education in all the major national, state and territory policy statements. They are not, however, always easily reconciled. Standardised tests, including examinations, provide measures of quality across populations, and, in cases where scales can be linked, over time. The most rigorous measure of equity is the extent to which "construct-irrelevant variance" in students' achievements can be minimised. That measure seeks to capture the extent to which levels of achievement depend only on the underlying knowledge, understanding and skills of interest and are not compromised by factors such as gender, social background, regional environment (urban, rural) and so on.

Several aspects of such measurement, and policies to achieve these goals, have raised their own issues. Centralised state education systems with common curricula were intended to ensure equity while pursuing quality. As participation rates through secondary education increased, an increasingly diversified curriculum with additional subjects, and, particularly in New South Wales, differentiated courses within subjects, were introduced to cater for individual differences among students. This differentiated provision, however, often reinforced social as well as intellectual differences among students.

The uniquely Australian mix of public and private provision and public and private funding has also complicated policy development to address equity. The Netherlands provides a revealing comparison. There, around 70% of students are enrolled in privately governed schools, including faith-based and community schools. All schools, however, are fully publicly funded on the same basis and none may impose fees to increase their funding.

Since 2008, the NAPLAN census collection has provided one example of the kind of direct measures of equity made possible by data sets containing measures of both student achievement and social advantage. Such assessments are also available in

international comparative data sets collected by the Organisation for Economic Development (OECD) and the International Association for the Evaluation of Educational Achievement (IEA). As experience with NAPLAN has suggested, however, the use and accessibility of such data can have its own unintended impacts in reframing the terms of accountability for school curricula and performance. The challenge remains to devise forms of educational provision that can effectively address reasonably comprehensive goals of quality and equity amid far from settled community expectations and systematic pressures relating to both objectives.

The process

Decisions on subject offerings in school education up to mid-secondary were originally in the hands of government education departments, and in upper secondary in the hands of university examination boards. Over time, they have all become the responsibility of state and territory statutory authorities on which all the major interest groups, including universities, are represented. This involvement has reflected increasing areas of specialisation, professionalisation and accountability in the sector. From time to time, again reflecting these investments, reviews have been commissioned from relatively independent groups, with recommendations for change typically referred to the statutory authority for consideration.

Recognising the issues of community diversity and economic change noted above, governments have responded in different ways. In Victoria, multiple paths in upper secondary education have been accommodated in multiple certificates, at one point, four. They were consolidated following a review into a new Victorian Certificate of Education (VCE), first as a pilot project in 1987, instituted in 1992. In 2002, a separate Victorian Certificate of Applied Learning (VCAL) was introduced. It is now being rolled back into the VCE. In New South Wales, reflecting comparable pressures, new subjects were added to the upper secondary curriculum, and multiple courses were differentiated within subjects.

The trade-off off between quality and equity often attributed to such processes is far from inevitable. The OECD's Program for International Student Assessment (PISA), introduced in 2000, provided measures of quality, in student performance in tests in reading, mathematics and science, and of equity, linking students' achievements and their socio-economic background. The relationship between these measures did, however, show significant national variations. Australia was significantly above the OECD average in quality and significantly below it in equity. Countries significantly above the OECD average on both measures included Canada, Finland, Ireland, Japan, South Korea, Sweden and Iceland.

Most of the discussion on equity in Australia has been reduced to comparisons in levels of funding, with a declared commitment to pursuing needs-based and sector-blind funding. That remains a very distant goal, if still a real one. The *My School* website shows funding in an elite, co-educational, non-government K–12 school to be \$37,150 per student, covering both primary and secondary, and in a highly regarded co-educational government 7–12 school to be \$13,541 per student. While supporters of the non-government sector would point out that only \$4,380 of the \$37,150 comes from government (the rest is from fees and other private sources), the differences in outcomes can be stark. The tension between curriculum diversity and “common learning” was central to a review of the NSW Higher School Certificate in 1995 (which I

led). This inquiry revealed that students in non-selective government schools in the metropolitan north region who were in the top 10% and the top 30% in achievement in English in Year 10 were much more likely to enrol in Years 11–12 in either of the two more advanced English courses than if they were in the metropolitan southwest region. These differences were a consequence of the options available within schools.

The review recommended a reduction in the differentiation among courses within subjects, provoking discussion over whether this would “dumb down” the curriculum or level it up. The government accepted the recommendations on reduced course differentiation. This position, however, remained open to revision, given investments in “quality” dimensions of curriculum offerings.

In time, the reduced differentiation of courses within subjects in the NSW Higher School Certificate has been replaced by new patterns of differentiation. In English, there are now five courses, including an advanced extension course. This suits selective schools, both government and non-government, that can restrict their offerings to the more advanced courses, but it again lowers the expectations of students in non-selective schools that cannot offer the full range of advanced courses.

Equally, on the question of equity, the OECD PISA findings help determine the extent to which variations between schools can be accounted for in terms of students’ social backgrounds, considering the effects on individual students, as well as the effect of the average student cohort. The first indicates the impact of students’ own social backgrounds, the second, the impact of the company they keep. In Australia, 68% of the variation between schools can be accounted for in terms of differences in social background, 40% due to individual social background and 28% due to the average social background of students in the schools.

That 28% suggests that there is a considerable cohort effect, with a benefit for advantaged students in keeping company with similarly advantaged students, and a compounded disadvantage for disadvantaged students keeping company with others like themselves. This finding highlights the policy conundrum of delivering equity and quality in educational contexts that seek to value heterogeneous groupings. PISA 2000 data for Austria, however, offers a more encouraging conclusion. These analyses suggest that “students with lower skills benefit more from being exposed to clever peers, whereas those with higher skills do not seem to be affected much (Schneeweis and Winter-Ebner, 2007: 387).” Creating schools with similar students brings little additional benefit to advantaged students and considerable cost to disadvantaged students.

Poland provides valuable evidence on the effect of heterogeneity within schools. In PISA 2000, Poland’s average performance was significantly below the OECD average, with substantial differences among schools because students were placed in secondary schools on the basis of their performance at the end of primary school. Between 2000 and 2003, Poland made all secondary schools comprehensive. In PISA 2003, Poland was similar to the Scandinavian countries in having little difference between schools in students’ performances. All the variation lay within schools. Poland was, however, the only country that significantly improved on all PISA measures between PISA 2000 and PISA 2003. It did this by raising primarily the achievements of poorer performing students. Since then, Poland has continued to raise its whole distribution, and by the seventh survey, PISA 2018, was significantly above the OECD average and nudging ahead of Australia.

Translating this evidence to funding formulae remains fraught, as funding in itself would seem to be the primary consideration in terms of either equity or quality. Similarly, with regard to issues of curriculum, the question would seem to be not simply one of core competencies and of shared opportunities.

The lessons

The two key questions are whether quality of school education in Australia is improving and whether outcomes are becoming more equitable. The results, so far, indicate that quality is declining and that equity has not improved. The challenge remains to construct environments that advance equity and quality as interdependent goals, and that meet the need to recognise diversity by building shared social capital. And this path needs to be navigated in the complex federal-public/private mix of Australian education.

One Australian initiative in addressing this complexity began in the 1980s when the South Australian Government contracted Delfin (the Development Finance Company Ltd) to develop a new community at Golden Grove in the north of Adelaide. There were four primary school sites, each with one government and one non-government school. In one case, the schools shared only the grounds. In another, the schools had common staff rooms. There was one secondary school site shared by three schools: one government, one Catholic and one joint Anglican-Uniting Church. The schools had separate entrances and the students wore distinctive uniforms. In the centre of the site, between the schools, there were shared science and design facilities that contained more sophisticated equipment than any of the individual schools could provide. On the edge of ovals shared by the schools and the community were hospitality facilities, reserved for the schools during the day, but available to the community and nights and weekends, and managed by local government.

The development attracted some international interest and was reported to the OECD's Program in Education Building. It was replicated elsewhere in SA and in other states under a Delfin-Lend Lease badge after Delfin had negotiated a friendly takeover. The development was also noted in an OECD meeting of education ministers in 2004 at which Robert Putnam from Harvard also related his work on social capital to education. Schools are well placed to develop high levels of bonding social capital, particularly schools representing homogeneous communities, but not well placed to build bridging social capital. The Delfin model of government and non-government schools sharing facilities created a context in which both forms of social capital could be developed.

While most of the original developments have persisted, the expansion to new sites around Australia has languished. Differentiation in provision, signalled by distinctiveness in resources as well as social values, continues to dominate concerns about the overall community.

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Learning from the National Water Initiative

Mike Young

The problem

The challenge of water security in Australia mounted through the last decades of the 20th century demanded attention as a combination of pressures ranging from recurrent severe drought (especially the “Millennium Drought” experienced in areas in 1996–2010), competing demands from users reflecting population and industry pressures, and environmental degradation, through to growing awareness of the systemic impacts of climate change. The need to address these pressures was evident in the 1994 Council of Australian Governments (COAG) Water Reform Framework, which committed governments (Commonwealth, state, territory and local government) to:

- the preparation of comprehensive water plans;
- the achievement of sustainable water use in over-allocated or stressed water systems;
- the introduction of registers of water rights and standards for water accounting;
- an expanded trade in water rights;
- improvements in the pricing for water storage and delivery.

Overarching objectives included increasing “the efficiency of Australia's water use, leading to greater certainty for investment and productivity, for rural and urban communities and for the environment (see NWI at <https://www.awe.gov.au/sites/default/files/sitecollectiondocuments/water/Intergovernmental-Agreement-on-a-national-water-initiative.pdf>).” The Intergovernmental Agreement on a National Water Initiative (NWI), signed by all parties in June 2004, built on these principles.

The NWI was predicated on a nationally-compatible market, regulatory and planning-based system. Its elements included: transparent, statutory-based water planning; the return of over-allocated or overused systems to environmentally sustainable levels of extraction; progressive removal of barriers to trade in water and the broadening and deepening of the water market; clarity in risk assessment and information provision; and settings which facilitated efficiency in urban and rural areas. Built around these principles, the NWI gained international recognition as an innovative and accountable guide to water management.

The process

The NWI established a reform agenda centred on:

- a nationally-consistent suite of “state-of-the-art water allocation and management” arrangement in each state and territory; and

- a National Water Commission responsible for ensuring progress and continuing the search for better ways to allow access to and use of Australia's scarce water resources.

The NWI contained a schedule requiring delivery of 71 reforms, with reports on their implementation to be provided on a triennial basis. To encourage action and transparency, all the 2004 and 2005 reforms were included in the list of commitments to be satisfied by governments before they would receive tranches of funding made available under the 1995 National Competition Policy agreements. This linkage was intended to make the implementation of the NWI rapid and highly successful. Any state or territory that failed to meet the suite of reforms required by mid-2005 would lose millions of dollars.

Soon after its negotiation, however, the Howard government decided not to continue with the National Competition Payments. Instead and slightly later, the government passed the Water Act (2008), allocating \$10 billion for the ongoing development of its water agenda in a manner that was inconsistent with the NWI. In a further move to reduce areas of expenditure and contain areas of statutory influence outside direct government control, much later, in 2014, the Abbott government abolished the National Water Commission.

During the period in which it had a measure of institutional support, those responsible for NWI implementation made sufficient progress to lock in a robust set of arrangements. Among the policy instruments that remain influential are the importance of establishing robust administrative arrangements and allocations, and strengthening them with assured financial incentives. The market-based premises of the NWI included the concept of an unbundled share, allocation and permit system that allowed for water-related rights to be separated from each other, and for trading to occur over access to allocated shares, specified periods, infrastructure development, and site use.

The lessons

Without a financial imperative, the NWI commitment to excellence in water management, allocation and use has been replaced by a willingness to compromise and procrastinate. The NWI requirement that pathways to ensure “creation of publicly accessible, compatible systems for registering water access entitlements and trades (see NWI link above)” be in place before the end of 2004 and all systems in full operation by 2006 was delivered because the last tranche of National Competition Payments was contingent on the creation of the necessary registers. In contrast, the requirement of “substantial progress toward adjusting all *overallocated* and/or *overused* systems (see NWI link above)” by the end of 2010 was not delivered, as there was no financial imperative. When outcome-orientated financial incentives are replaced with grants, stakeholders become very skilful at hijacking and redefining the agenda—especially given a prevailing preference for short, compelling rather than detailed narratives. Experience with the unbundling of water licences into shares, allocations and use approvals, coupled with arrangements that made it possible to mortgage shares and trade them, has meant that the key structure of the NWI remains in place and has driven considerable innovation and investment.

Several of the NWI's core concepts remain powerful. Among them:

- *clear institutional separation* between the role of governments and markets—the NWI separated decisions best decided by governments (such as how much water can be made available for use) from those more efficiently and those more equitably resolved through market-like processes (who gets to use the available water);
- seeking to *live in harmony with the environment* and establishing adjustment pathways designed to bring an end to over-use (the NWI used the term “over-allocation”);
- *assigning policy instruments to goals* and discouraging their use in the pursuit of other goals—the NWI required replacement of century-old water licences with an unbundled suite of shares, allocations and use approvals;
- *issuing shares in perpetuity* so that the incentive to innovate is maximised, investment is efficient and long-term supply risks can be managed efficiently—the NWI contains an entire section on risk management;
- *facilitating adjustment* by allowing trade in shares and allocations;
- *robust accounting and enforcement mechanisms*—anyone wanting a larger share has to find a way to persuade someone else to accept a smaller share;
- *full-cost pricing*, including a return on capital—so that all investments, including those involving infrastructure, are fully funded and the cost of administering the system is recognised.

These lessons could be readily applied and used to develop a National Climate Initiative which would seek to lock in intergovernmental agreement on the key elements of a national emission reduction strategy. Underpinned by appropriate legislation, a National Climate Initiative could require:

- preparation of a *rolling emission reduction plan* that facilitates the adaptive management of emissions as technology improves and targets evolve;
- setting of an *annual limit on national emissions* and a commitment to issue tradeable *emission permits* equivalent to this limit;
- *allocation of climate shares*, initially to states and territories, and then, through them, to businesses and households as the system is rolled out;
- *allocation of emissions permits* to shareholders, including state and territory shareholders in proportion to the number of shares held;
- establishment of a *National Climate Share Register* and bank-like permit or *Carbon Accounting System* enabling the low-cost trading of shares, the mortgaging of these shares and the trading of both shares and emission permits;
- establishment of a robust *emission licencing system* requiring any significant source of emissions to keep their carbon account in positive balance;
- establishment of a *Regional Community and Household Adjustment Mechanism*—requiring the annual surrender and auction of 1% of each shareholding, on the understanding that the revenue received the regions, businesses and households in proportion to recent emissions would allow adversely affected communities to afford to adjust;
- a *nationally binding commitment to reduce emissions*, at least as fast as the US, the European Union, the UK, China and India, and faster if technology allows.



Australian early childhood education and care

Deborah Brennan and Elizabeth Adamson

The problem

Early childhood education and care (ECEC) has been described as “perhaps the most protean of social policies” (Michel, 2006: 150). It can be linked to a wide range of social and economic objectives, including optimising children’s development, promoting gender equality, boosting maternal workforce participation and reducing welfare expenditure. This diversity of objectives is both a strength and a weakness of the sector. It broadens the range of players with an interest in advancing ECEC as a policy and expenditure priority for governments but also increases the potential for conflicting agendas to emerge, and division and contestation to erupt.

Historically, one of the most enduring tensions in ECEC has been between advocates of a social justice framework that prioritises children’s needs and interests (especially the interests of those in vulnerable and disadvantaged circumstances) and those who see ECEC as primarily being about parental workforce participation and productivity. In recent decades, economic rationales such as developing the human capital of young children and boosting employment and productivity have come to the fore and have been promoted by international organisations. Strong advocacy for alternative rationales centred on social justice, children’s rights and women’s rights continues, but has, to some extent, lost purchase and/or been superseded by instrumentalist, economic agendas.

Until the middle of the 20th century, ECEC was largely the province of charitable and philanthropic groups. State and territory governments began to fund early education in the 1950s and ’60s, but there was no attempt at a national level until 1972 when the Whitlam government promised that every child would have access to pre-school by 1980. The Whitlam years were a turning point for childcare policy, with the government linking it to social justice and gender equality objectives. Over the past 20 years, ECEC has become an entrenched element of both social policy and labour market policy in Australia. Gone are the days when services for young children were dismissed as the province of left-leaning feminists and “nice ladies who love children” (Stonehouse, 1989). But it remains a policy area needing to navigate a range of dynamic and sometimes contending priorities.

The process

The factors that have been most effective in advancing ECEC most recently include: marshalling and promoting economic and scientific evidence that resonates with policy makers (especially Treasury officials), a willingness to form alliances with organisations

and groups outside the early childhood sector, and crafting simple messages that resonate with the wider public as well as with policy makers. Examples of such messages in relation to ECEC are “Early learning, everyone benefits,” the slogan of Early Childhood Australia, and “Thrive by five,” the catchphrase of the business-aligned Minderoo Foundation, that promotes a high-quality, universally accessible and affordable early learning system.

At the beginning of the 21st century, new evidence began to emerge about the impact of early experiences on later life. Changes to the early childhood sector were introduced by the Rudd Labor Government as part of a broad social investment strategy designed to build human capital and boost productivity in the Australian economy. In 2009, all Australian governments signed up to an Early Childhood Agenda, including a National Quality Framework (NQF) for early childhood services. The NQF includes nationally consistent regulations, improved ratios of staff to children and the development of a more highly skilled and qualified workforce in all early childhood settings. The Commonwealth entered into agreements with each of the states and territories to ensure that every four-year-old has access to 15 hours per week of pre-school education from a university-qualified teacher, regardless of the child’s setting (pre-school, long day care or family day care). Despite considerable progress, universal access has yet to be achieved. Meanwhile, the international goal posts have shifted, with 2 years of early education now being the norm in many OECD countries.

Getting early childhood education and care onto policy agendas has been the work of many decades. Over the years, it has been limited by: internal division (diverging views about the relative importance of care vs education), confused messaging, weak alliances (competing interests of non-profit and for-profit providers), and inadequate attention to bringing the community on board. On the positive side, the profile of early education has been boosted by a constellation of factors including:

- **Economic evidence** linking early education to the development of “human capital” and economic productivity appeals to many policy makers and Treasury officials. Nobel prize-winning economist James Heckman argued in 2008 that the return on investment in pre-school programs is higher than the return on investment in any other form of education or training (Heckman, 2008; see slao 2012). Heckman endorsed the view that quality early education contributes to a more productive workforce, higher tax revenue, reduced welfare payments and better health.
- A growing body of **scientific evidence** suggests that the early months and years of life are critical for brain development and establish the foundations for later learning. In these early years, children learn to communicate, get along with others and control and adapt their behaviour, emotions and thinking—skills and behaviours that establish the foundations for future life skills and success. Most homes offer children a chance to develop these skills, but not all. Quality early education can give vulnerable children a boost.
- **Social justice** arguments highlight the extent to which children from disadvantaged backgrounds are more likely than others to either miss out on early education or to use poorer quality services. The Australian Early

Development Census shows that about one in five children start school significantly behind in at least one domain of readiness to learn. Aboriginal and Torres Strait Islander (ATSI) children, children from remote areas, low income families, and families whose first language is not English are more likely to be disadvantaged. Disadvantage is cumulative: children who start behind tend to stay behind.

- **Comparative policy and funding data** show that Australia invests 0.2% of GDP in early education, compared with an average of 0.6% across the OECD, and is ranked 24th out of 26 OECD countries on this index (Pascoe and Brennan, 2017: 75). Countries such as the UK, New Zealand and Singapore provide 20-30 hours per week free early learning to children. Australia is one of only three countries that have seen a decline in pre-primary enrolments since 2005 (OECD, 2016).

The lessons

In combination, these factors exert considerable influence. In 2017, the state and territories jointly commissioned a report into the most effective interventions that could be deployed in early childhood. The report endorsed the goal of early childhood education for all children in the 2 years before school, proposed measures to further strengthen the workforce, including improved training and professional development, urged stronger parent and community engagement and recommended sanctions against providers that fail to meet quality standards (Pascoe and Brennan, 2017). The report was endorsed by all states and territories and all major early childhood providers, unions and advocacy groups.

In 2020, almost one-third of children aged 0–12 attended an Australian Government approved childcare service, and more than \$10 billion in taxpayer funding was allocated to the sector (Productivity Commission, 2021). Commonwealth funding is largely focussed on workforce participation, and (with some exceptions) eligibility for childcare subsidies requires parents to meet an “activity test.”

Early childhood advocacy organisations have formed new coalitions involving large providers, both for-profit and not for-profit, as well as business groups and state governments. Many new players have entered the field. These include the Front Project (funded by the Paul Ramsay Foundation), which promotes early learning “for happier lives and a more prosperous Australia” and Thrive by Five (a coalition headed by former South Australian Premier Jay Weatherill and funded by a philanthropic organisation set up by Andrew Forrest, Chairman of Fortescue Metals). The COVID-19 pandemic has exposed longstanding faults in the ECEC system, particularly in relation to the sustainability of the funding model, and the impacts on gender equality and equity in access. At the time of writing, these advocacy organisations are leveraging the current vulnerability of the sector, and many players are optimistic they may find traction leading up to the federal election.

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Key stakeholders, campaigns and resources

Early Childhood Australia. Early learning: Everyone benefits.

<http://www.earlychildhoodaustralia.org.au/>

The Front Project. <https://www.thefrontproject.org.au/about-us/vision-and-purpose>

Mitchell Institute, Victoria University. <https://www.vu.edu.au/mitchell-institute/education/early-learning>

Thrive By Five. <https://www.minderoo.org/thrive-by-five/>



Housing system reform

Ilan Wiesel

The problem

Several prominent inquiries and initiatives have sought to address systemic inequalities in the Australian housing system in recent times: the 2010 Henry Tax Review, the 2008–14 National Rental Affordability Scheme (NRAS), and social housing supply boost programs by federal and state governments in 2008 and 2020. These programs were facilitated by a range of coalitions and interests but have faced enduring barriers to implementation and to achieving transformative impact. Despite these interventions, the Australian housing system remains a significant driver of social disadvantage and inequality. House price growth has outpaced income growth, particularly for lower income households, leading to rising housing affordability stress among low-income renters and home purchasers, especially in major cities.

The increase in housing costs has reinforced financial hardship and disadvantage for lower income households. In 1994–5, 9.2% of households spent 30% to 50% of gross income on housing costs, with another 4.6% spending 50% or more. By 2017–18, these proportions had increased to 11.5% and 5.5% respectively (AIHW, 2020a).

Meanwhile, homelessness has returned to the peak levels not seen for over two decades. On census night in 2016, more than 116,000 people were estimated to be homeless in Australia, represented by a homelessness rate of 50 out of every 10,000 people—up from 45 persons in 2006, and fast approaching the rate of 51 recorded in 2001 (AIHW, 2020b).

Housing markets have reinforced inequalities across socioeconomic groupings and across the generational divides. Across the socioeconomic spectrum, between 1993–4 and 2017–8, the incomes of the top 10% of earners rose at a rate twice as high as the bottom 10% of earners, or three times as high after deducting housing costs (Wiesel et al., 2021). Housing costs have also contributed to intergenerational inequality, with a sharp fall in home ownership rates among younger people (Pawson et al., 2020).

Beyond social justice concerns, the housing system is posing increased economic risk to Australian society as a whole. Rising household debt is increasingly viewed a risk for economic stability, the housing boom and bust cycle reduces productivity and has the potential to exacerbate economic downturns, and concerns are increasingly voiced about the future economic costs of supporting a growing cohort of low-income long-term private renters in old age (Pawson et al., 2020).

The process

These failings of the housing system are attributed by some analysts to structural problems, including unequal taxation favouring owners and investors over private and

public renters, and a massive shortfall in social and affordable housing supply (Pawson et al., 2020). In the recent past several major interventions that have sought to address these systemic issues.

Most prominently, the Henry Tax Review was commissioned in 2008 by the Rudd government, with the mandate to prepare a comprehensive review of Australia's tax system. Among the issues addressed in the report are taxation rules applying to homeowners, investors and renters, which are often seen as a structural cause of inequality in the Australian housing system. With a homeownership rate of 65%, Australia is below the OECD average of 75%. However, Australia is a "homeowner society" nonetheless, with significant tax and social security advantages for the homeowners majority over the renters minority, including tax-free income (imputed rent) and capital gain on the family home, and exemption of one's home from the age pension asset test. By one estimate, these tax benefits for homeowners are equivalent to \$8000 pa compared to \$1000 for renters (Yates, 2010). The Henry Tax Review can be examined as a failed attempt at reforming some aspects of this structural inequality in the Australian housing system.

The Review's final report, released in 2010, presented 138 recommendations, which, taken together, represented a proposal for a major reform of the tax system. In relation to housing, one of these recommendations was for state governments to abolish stamp duty (which taxes residential mobility rather than wealth) and replace it with a broad-base land tax. However, the report rejected taxation of income from savings invested in owner-occupied housing.

Ultimately, Rudd endorsed only three of the 138 recommendations. One of these three recommendations was a mining tax, the backlash to which may have led to the removal of Rudd as prime minister. The recommendation to abolish stamp duty was rejected by the Rudd government.

Despite the failure of the Henry Tax Review to instigate changes in housing taxation at a national level, in 2012, the ACT Government introduced a gradual abolishment of stamp duty and its replacement with a broad base property tax, in a gradual process that would take over 20 years. This gradual approach has helped reduce opposition to reform by lessening the impact between those who purchased a home just before and just after the change (Coates et al., 2018).

A shortfall in social and affordable housing supply is another structural cause of housing inequality. Social housing programs were introduced across Australia following World War II in response to supply shortages during the war. Social housing represented 16% of all housing construction from 1945–1970. But in later years, social housing had been residualised, its proportion of the total housing stock declining from 6.2% in 1991 to 4.5% in 2018. Several factors contributed to the decline in social housing supply, as summarised by Pawson et al., 2020:

- Funding cuts—including an approximately 25% real reduction from 1990 to 1997

- Targeting of the lowest income, highest need applicants in social housing allocations since 1980s, which led to reduced rental revenue (since rent is calculated as a proportion of tenants' income)
- Population growth saw increased demand for housing unmatched by social housing construction.

To address the ensuing shortfalls in social and affordable housing supply, since 2008, several programs have been initiated by federal and state governments.

At the federal level, the most significant initiative was the 2008 Rudd government \$5.2b investment as part of its Nation Building Economic Stimulus Plan response to the Global Financial Crisis (GFC). Close to 20,000 new homes were built under the plan.

The National Rental Affordability Scheme (NRAS), initiated by the Rudd government in 2008, was the first large-scale program in Australia to deliver supply of affordable rental housing (distinct from social housing in finance models, rent settings, and target group for allocations), as a strategy to address the affordable housing supply shortage.

NRAS was designed as a 10-year tax offset (for private investors) or cash subsidy (for not-for-profits) to deliver new affordable rental housing, where rents charged cannot be greater than 80% of the market rent. NRAS was planned to fund up to 50,000 new units in 4 years. Beyond the injection of affordable housing supply, the longer-term operation of the scheme was hoped to facilitate the financialisation of affordable rental housing as a new asset class that appeals to large-scale institutional investment.

Despite its ambitions, ultimately, only 20,000 new units were eventually built with the NRAS subsidy. The scheme was terminated in 2014 with the change of government from Rudd to Abbott. Yet, the scheme was criticised from both left and right for its design, as a "gift" to private developers which has failed to assist lowest income households. The NRAS was also criticised as offering poor value for money, and a driver of poor quality housing construction. Critics noted further the extensive use of NRAS funding for university student housing, and its failure to attract institutional investors into affordable rental housing.

Since the termination of NRAS, no new national affordable rental housing funding scheme of such scale has been initiated by either Labor or Liberal Commonwealth Governments.

At the state level, the last year saw significant initiatives triggered by the COVID-19 pandemic. In Victoria, the Labor Andrews government's November 2020 budget included \$5.3b allocated for investment in 9000 social housing units and 3000 affordable housing units, described publicly as a response to job losses in the construction industry. Concurrently, the NSW Liberal Berejiklian government's November 2020 budget included \$900m for investment in 1200 social housing units, also presented as focused on construction jobs creation.

The lessons

Federal and state government investment in social and affordable housing supply through NRAS and social housing initiatives has been significant, measured in billions of dollars and tens of thousands of homes. These interventions can be attributed to several factors: state governments stepping in when the Commonwealth withdrew, and unlikely coalitions of progressive politics and economic interests triggered by global economic crises during the 2008 GFC and 2020 COVID pandemic. These were initiated not only by Labor (Rudd and Andrews), but also—albeit to a lesser extent—Liberal (Berejiklian) Governments. What enabled these coalitions was a framing that focused on job creation in the construction industry rather than welfare assistance, and an urgent sense of crisis.

Yet, the failure to embrace more ambitious goals such as a national tax reform, and the one-off or short-lived nature of recent social and affordable housing supply programs, suggest these were affirmative rather than transformative interventions.

Had NRAS been allowed to continue and evolve as an ongoing affordable housing supply program beyond its direct outcomes (injection of affordable housing supply), it might perhaps have helped facilitate the entry of institutional investors into the affordable rental market, which in Australia has traditionally been dominated by so-called “mum and dad” investors (Milligan et al., 2013). Such an impact would surely be recognised as a structural change in the housing system. But a change in Commonwealth Government was enough to terminate NRAS and prevent such an outcome, highlighting the precarity of housing supply programs.

What, then, has hindered structural transformation in the housing system? Housing policy developments in recent decades reflect a wide political and cultural shift in the view of housing, from a social good to a financialised commodity. But even the traditional “social good” vision for Australian housing, centred on the formation of a “homeowner society,” has never fully aligned with a progressive social justice vision. Despite a decline in recent decades, the majority of Australian citizens are still homeowners, and, as such, political support for tax reform to level the playing field across housing tenures remains limited. Concurrently, a view of housing assistance recipients as “undeserving poor,” and of housing assistance itself as generating welfare dependency and disincentives to work (Jacobs and Flanagan, 2013), undermines public and political support for increased supply in affordable housing.

When a social justice framing is applied to housing in the popular media and some academic literature, that framing is often focused on intergenerational inequality in access to homeownership (Stebbing and Spies-Butcher, 2016). One concern is that policy measures to address intergenerational inequality—such as First Home Owners Grants—only reinforce other forms of inequality, such as that across tenures. Nonetheless, taking a more hopeful approach, these interventions indicate at least a willingness to consider equity as criteria by which to frame housing policy. Expanding this willingness to encompass inequality across tenures, and across socioeconomic, gender and cultural social differences is critical for housing system transformation.

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National Disability Insurance Scheme (NDIS)

Karen R. Fisher and Eloise Hummell

The problem

In the first decade of the 21st century, the provision of disability support in Australia was through an expensive, fragmented, broken system. Existing policies did not serve the needs of governments (federal, states and territories) or the public (people with disability, their families, carers and community). People with disability could not get the support they needed due to lack of information, complexity and rationed support. The funding was insufficient and inefficiently organised. The lack of support caused death and poor quality of life, and prevented people, their families and carers from active citizenship, including education and work. In response, a coalition of historically conflicting interests mobilised across governments, industry and the public. Their goal was to improve access to disability support by increasing funding and changing the way it was allocated, so that people would have control to choose support from a market. The goal was framed as a dual focus on economics and rights.

Among the factors driving this campaign was the 2006 UN Convention on the Rights of Persons with Disabilities ([CRPD 2006](#)), which recognised the rights of all people with disability to live in the community, with choice equal to others, and emphasised access to sufficient support across public policies as key to realising these rights. Australia was one of the first countries to ratify the CRPD, after the federal government and advocates developed strong collaborative relationships at the UN to draft the Convention.

Within other areas of human service provision there were also pressures for change. Disability support providers historically received state-based government block funding (i.e., an annual budget). This funding structure often conflicted with preferences of people with disability, their families and carers, who were demanding greater choice, control and flexibility to mix support from various providers in the sector. Other human services were moving towards marketisation, and funding and regulation primarily from the federal government (including aged care and childcare).

In 2009, the National Disability Agreement (NDA) was introduced by the Council of Australian Governments as a high-level agreement between the Australian and state and territory governments for the provision of services for people with disability. This agreement, however, was soon under scrutiny for failing to deliver adequate support to Australians with disability because of lack of consistency in applying the NDA, lack of clarity between responsibilities of governments, and inequities due to disparate funding arrangements (including amounts and types of services funded) in the states and territories. The NDA was also undermined by federal, state and territory cost shifting between disability support and other human services (including health, housing, education, aged care, childcare, justice and employment).

Together, these pressures contributed to the case for a radical and transformative policy reform in disability service provision. A National Disability Strategy (2010–2020) was subsequently devised, with the National Disability Insurance Scheme (NDIS) proposed as a major plank in this. The NDIS was introduced in 2013, representing Australia's biggest

social reform since Medicare in 1975. Under the NDIS, citizens with a significant and permanent disability are eligible to enter the scheme before the age of 65 years to receive a funding package calculated based on individual needs and goals. With an emphasis on choice and control, NDIS participants can then use their funding to engage supports according to their own preferences. The intention of the NDIS was thus to ensure people with disability had the available resources to achieve their aspirations and participate in the broader community.

The process

The 2007 Senate report, [Funding and operation of the Commonwealth State/Territory Disability Agreement](#), recommended the development of a National Disability Strategy to build on the existing NDA and support compliance with the CRPD. 2009 then saw a peak of government commissioned reports recommending significant reform to disability supports. Of most significance were: [Shut Out: The Experience of People with Disabilities and their Families in Australia](#), by the National People with Disabilities and Carer Council, about the lack of access to support, informed by a national consultation (the report is still referred to as evidence for policy advocacy); and [The Way Forward: A New Disability Policy Framework for Australia](#), from the Disability Investment Group, about the economic framing of the problem and solution. The federal government response was to refer the reports to the Productivity Commission to examine the feasibility of an NDIS, as a major plank in the National Disability Strategy 2010-2020 (endorsed by COAG in 2011). The resultant 2011 report, [Disability Care and Support](#), recommended replacing the current NDA structure with the NDIS. Key to these processes were:

- *Leadership from business people:* With both personal experience of disability as well as business and financial expertise, John Walsh, and Bruce Bonyhady in particular, spoke the language of government, investment, marketisation, private industry, efficiency and employment. Changing disability support thinking from welfare to an economic rationale was a critical shift.
- *Politicians who championed the reform:* Bill Shorten was a junior Labor Minister, new to Parliament, wanting to make his mark, who brought the unions and industry to the goal, commissioned the reports and pushed the agenda through Parliament. Jenny Macklin had come to the social services portfolio with a strong evidence-based platform. Julia Gillard, as a new PM, wanted a significant social reform, and one which delivered on Labor's 2007 election commitment to negotiate a National Disability Strategy. Bipartisanship from the Liberal opposition was also particularly important, given the long timeframe for introduction of a large-scale reform that would inevitably need support from multiple governments over time.
- *A coalition of interests* intentionally brought together previously conflicting groups (people with disability, families, carers, workers, providers, state/territory governments) to achieve the joint goal. [Every Australian Counts](#) was formed to mobilise the public through national social media campaigns, employing staff and consultants, including former Labor state politician John Della Bosca. Uniting around equity, rights, opportunity and economic efficiency formed a single point of advocacy for big reform.

In March 2013, the NDIS legislation was passed and the NDIS Act 2013 was created, along with the scheme and the National Disability Insurance Agency (NDIA) (an independent statutory agency to implement the scheme). The [NDIS](#) is jointly governed and funded by the Commonwealth (contributing approximately half of the annual scheme costs) and states' and territories' contributions (annual costs \$24.6 billion, 2020–2021; supplemented with an initial increased Medicare levy, although the second increase was not enacted). NDIS has two parts to be positioned as relevant to all Australians: NDIS individualised plans (individual funding to 10% of people with disability, who meet the criteria of having permanent and significant disability, to purchase support in the market); Information, Linkage and Capacity Building Grants (transitioned from the NDIA to the Department of Social Services (DSS) in 2020) to organisations and the community aimed at the other 90% of people with disability to access other mainstream and community services and information for the general public.

Establishing the NDIS was in two steps: trials sites in regional NSW, Victoria, SA and Tasmania with evaluation from 2013; and staged national roll-out from 2016 (not contingent on the evaluation). Bilateral agreements were negotiated separately with each state or territory regarding the rollout timeframe and financial contributions. (WA was the last in 2013.) Implementation varies across the country, particularly at the interface with state and territory human services (notably health and education).

The NDIS established individualised disability funding support within a quasi-market system. A person with disability can purchase their supports from various providers they choose (either NDIS registered or unregistered, depending on their plan arrangements), with a capped price. The insurance-based model shifts from the previous annual block funding to providers to a fee-for-service approach.

The lessons

Implementation progressed to national coverage in 2020. [More people](#) receive more support than before the NDIS, but access is unequal, dependent on the familiar socio-economic inequalities and geographical disparities. Implementation faces many difficulties because it is such an extensive social policy reform with a rapid rollout, [described as](#) “like a plane that took off before it had been fully built and is being completed while it is in the air.” The program has changed in major ways:

- The NDIA is subject to federal staffing restrictions (introduced in 2014 by the Abbott Liberal government), so it is under-staffed, and IT infrastructure is incomplete. One implementation response was to contract NGOs to provide most of the interface with NDIS participants. This led to inconsistent services and access, prioritising people who already had support, and marginalising people least likely to have capacity or information (homeless, criminal justice, mental health, cognitive disability, culturally and linguistically diverse populations, and Aboriginal and Torres Strait Islander peoples).
- Changes in governments raise repeated threats to the budget and design, influenced by different governments' agendas, values and principles. Each time, the coalition of interests mobilises multiple strategies of voter engagement, research evidence and lobbying.
- Policy layering (Neville et al., 2018) and cost shifting have hampered implementation and arguably added further complexity in the context of poor information to the public. Policy responses have been to form interstate strategic groups and new

accountability bodies and inquiries to attempt to resolve inefficiency, inequality and safety (e.g., education, early childhood intervention, safety and workforce).

Features of success, failure and ongoing challenges:

Success of securing the NDIS

- Dual framing as *economic* (economic returns—efficiencies; insurance model of investment; marketisation; and people with disability, their families and carers in paid work) and *rights* (of people with disability, and carers, relevant to all Australians). The dual framing is also a point of conflict and challenge to implementation of rights.
- Organised and ongoing coalition of interests between previously conflicting interests for the joint goals (public, workforce, industry, and governments). They harnessed social media to mobilise public, providers, and researchers.
- Political leadership and bipartisan support—the then ministers and prime minister were committed; allocation of new dedicated portfolios, namely, Minister for Disability Reform in 2011 and then Minister for the NDIS in 2019.

Failures in policy design and implementation

- Federal context and cost shifting—unequal access because not all states agreed at the same time or to same conditions at the interface with other human services. Cost shifting between portfolios (disability, health, education, employment, housing, aged care, childcare), and between state, territory and federal governments. It is a point where lack of transparency and accountability are frequent (e.g., offsetting the federal budget deficit with NDIS underspend). Interface problems between the NDIS, health and other specialist disability services pose a risk to NDIS sustainability and quality of funded supports if these major responsibility disputes are not resolved (Productivity Commission, 2017).
- Political and administrative threats that erode key parts of the NDIS. Complex administrative processes undermine NDIS participant control, a goal of individual funding. The increasingly bureaucratic nature also diminishes the ability of participants to understand their rights within the scheme and advocate for their entitlements. The focus on individual funding has compromised the NDIS design of universality (for the other 90% of people with disability and the public) that was intended to sit within the broader NDS, hindering overall success of both.
- The “highly ambitious” (Productivity Commission, 2017) NDIS roll-out left little time to learn from the trials or to prepare service users, service providers or the NDIA for implementation (Olney and Dickinson, 2019).

Ongoing challenges

Frequent reviews by the Productivity Commission, Joint Standing Committee on the NDIS, Senate and the Department of Social Services identify common problems and tensions that need to be addressed in order to realise the potential of the NDIS:

- *Balancing economics and rights*: “Reasonable and necessary” support must consider participant goals, social and economic participation alongside best practice, cost effectiveness and services from mainstream services. Increasing government rhetoric

on threat to the financial sustainability of the scheme raises the future likelihood of tough rationing (PC, 2017) through the application of more legislative conditions and stricter administrative rules such as capping specific services, limiting options, use of “standard” packages, or prioritising demands of some over others, which potentially threaten rights and entitlements.

- *Information and communication:* NDIS is criticised for being complex and bureaucratic for people with disability, families, providers and advocates. Gaps are: information and clarity when changes are made to rules, entitlements and roles of NDIS providers.
- *Transparency and accountability:* Independent reviews have called for more effective monitoring of NDIS plans and service quality, with relevant information about organisational performance to be made accessible to NDIS participants for enhanced choice and control (PC, 2017). Other transparency concerns, especially expressed by advocacy and legal organisations, are about internal and external plan review and appeal processes. Opaque decision-making within the NDIA and unknown outcomes of appeals that reach settlement prior to an Administrative Appeals Tribunal (AAT) hearing impact the ability for participants and their advocates to learn from past decisions, and prevent the community from holding the NDIA accountable to modify practice.
- *Market stewardship:* Tension is unresolved about the government’s role to steward the market for the availability and quality of services, and to address market failures and thin markets (Carey et al., 2018).

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See above in-text hyperlinks for the other web-based sources.

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Summary and connections

Returning to the 18 themes or factors suggested in introducing these case studies, we can draw out some connections between them. For each, we note the presence of these factors in the case study policy reforms, and then comment on the relevance (or not) as barriers or enablers to climate change policy reform.

I. Making the case

1. *Crisis, or urgent need for reform widely recognised by public.* While elevation of an issue to a prominent position on the policy agenda seems an obvious precondition for policy reform, not all our cases were predicated on crisis. In some, only a specific segment of the population or policy community perceived urgency (Caring for Country); in others, it was only perceived as such by an influential minority (National Competition Policy: NCP); in others again, it was an indirect “crisis” or spur to reform (activity based funding: ABF, stemming from fiscal and budget restraint). A number of case studies identified particular “moments” that impelled reform. These moments included: drought and water shortages in the case of the National Water Initiative (NWI), a peak of political protest in the case of the Regional Forest Agreement (RFA), evidence of widespread housing shortage and rising costs for housing, and the build-up of widespread perception of a failed system with the NDIS. “Crisis” or urgency might not always be the optimal way of framing a policy imperative, or a political intervention, inviting perhaps rushed policy answers, but it is not uncommon.

Regarding Australia’s climate change policy impasse, there have been many moments where crisis, or at least the high importance of the issue, has been highlighted: IPCC reports, the Garnaut and Stern reviews, UNFCCC Conference of Parties outcomes, major climate-related disasters and more. The most recent assessments paint an alarming picture of the future (AAS 2021; IPCC 2021). It seems clear, however, that the naming of climate change as a crisis, or as an issue of prime importance requiring significant and urgent national policy action, has not been sufficient to resolve the impasse. The phenomenon of climate and environmental issues increasingly being framed as crises or emergencies is discussed by Patterson et al. (2021). The effect of such urgent framing on perceptions and support for action is uncertain, with the possible counterproductive effect of not encouraging the need for significant social and economic transition (Buys et al., 2012).

2. *Commonwealth power, leverage or trigger.* The majority of case studies emphasise issues inherent in Australian federalism. In our federal system, there are few areas where the national government has sole responsibility and the coordination of powers requires careful attention. In the gender equality case, the federal government holds powers over industrial or workplace relations, including pay rates, in this case with regard to an issue affecting half the population across all jurisdictions. With the RFA process, the national control of export woodchip licenses provided a lever: setting this power aside in return for 20-year agreements spurred the process, while relieving the federal government of an onerous, contested responsibility. The NCP process had a

clear case for national coordination of the economy, but the legal power to drive reform was created through statute law, establishing compliance powers, and used very large financial incentives to push implementation. The NWI saw a perception that state-by-state responses were failing and thus for national leadership, with the power for such leadership established as part of the reform process through an intergovernmental agreement and national legislation. Note that in other cases, such as CfC and housing, there was no clear, powerful case for national leadership, but the Commonwealth nonetheless has variably led or at least participated in policy formulation and delivery. With ABF, the initial impetus for change was within one state, providing a new model that eventually spread through the federation.

Irrespective of some states and territories moving ahead more purposefully on climate policy reform, at the national level, the case for Commonwealth leadership is clear, but underutilised. It is at national level that international agreements are signed (specifically, the UNFCCC), where the power to enact a consistent pricing mechanism exists, where coordination of energy systems takes place, and where national standards for emissions and technologies can be developed.

3. *International standard, imperative, agreement.* Australian policy issues are often linked to international standards or agreements. With the NDIS, the 2006 UN Convention on the Rights of Persons with Disabilities was a timely fulcrum for advocacy, and was an arena in which Australia had been internationally active. In the Caring for Country study, the link between including Indigenous Protected Areas in the National Reserve System is made to commitments under the UN Convention on Biological Diversity. In education, international testing and benchmarks, such as through the OECD, influenced debate and innovation (and still do), and similar international comparative data is noted in the Early Childhood case study. International influences lie behind other cases—if not most—but do not emerge as a dominant factor. Of course, nations commit to many international treaties and standards, with little cost when these remain unfulfilled.

Australia is a signatory to the UN Framework Convention on Climate Change and to subsidiary agreements such as the Paris Agreement, yet is ranked lowly on its level of action at the national level in comparison to other countries. While the 2021 26th UNFCCC Conference of Parties commitment by Australia is not known at the time of writing, it would appear that international agreements have not been a sufficient spur to see national policy initiatives overcome other barriers and be maintained (e.g., Australia's ratification of the Kyoto Protocol, or signing on to the Paris Agreement). The use of comparative emissions reduction data, and comparisons with other countries' policy commitments, by both proponents and opponents of stronger action, has increased in climate change policy debates, but not to material effect on policy reform.

4. *Political support, including across parties or governments.* It is obvious enough that policy reform will be more likely to occur, and last, with bipartisan political support, and/or support by different levels of government in our federal system. In some cases, there have not been remarkable moments or levels of bipartisan support, but no great barriers or disagreement (Caring for Country). In other cases, bipartisan support has been crucial to large-scale reform (NDIS, NCP).

Such has not been the case with climate change policy, since a brief and ill-fated period of federal level government-opposition collaboration in 2009, which began more than a decade of partisan division and an era where leaders of both government and opposition would be dismissed, at least in part, because of climate change. Although conservative governments and oppositions have been less supportive of stronger climate change policy, that division has lessened, particularly at state level, where more active mitigation and adaptation measures are supported by both centre-left and centre-right governments.

5. *Vested economic or political interests managed.* While seemingly a self-evident constraint on reform, several case studies suggest vested interests should not be seen as monolithic. While significant interests (including state-run agencies) were disturbed by the implications of the NCP, the weight of bipartisan political imperative was stronger. With ABF, key industry bodies supported the reform, against countervailing opinion from the medical profession and unions. While there were clear status quo interests in the RFA process, conflicting values were brought into the process and a reasonably durable outcome achieved.

Vested interests operate on climate adaptation issues, such as coastal property owners opposing planned retreat, but the major debates over vested interests relate to mitigation. A long-established pattern of opposition to greenhouse gas emission reduction has involved public and traditional advocacy, and less visible lobbying and funding of countervailing research and opinions. Opposition to policy reform has been political (for example, the Grattan Institute's "shibboleths" argument), and through business lobbies and sections of the media. Such interests seek to protect interests that are held by both capital (sales, profits) and labour (jobs in energy-intensive industries). Significant compromises toward such industries, such as in the Rudd government's proposed Carbon Pollution Reduction Scheme, were criticised by environmental and social advocacy groups as weakening the reforms, but were nonetheless insufficient to ensure the scheme passing into reality. Recent major shifts in the balance of private sector attitudes toward climate mitigation and adaptation policy reform, especially in the investment, finance and insurance sectors, have influenced the public debate globally, but not in a manner in Australia yet to break the climate policy impasse.

6. *Thin edge of the wedge (building on policy experiments).* A claimed benefit of a federal system is the ability to trial policy innovations in one jurisdiction, learn from those, and build toward wider reform. Also, the pathway for more substantial reform may be smoothed by smaller, less controversial steps which familiarise stakeholders with the issue and benefits of reform (or at least lack of serious disbenefits). Several case studies identify the value of "policy experiments" as a precursor to reform. The housing case notes the uptake in the ACT of the long-proposed move toward broader land-based taxes (rates, land tax), away from property transfer taxes (stamp duty), now being followed and proposed in other jurisdictions. Caring for Country involved scattered but networked experiments across tenures, jurisdictions and socio-environmental contexts, building models and evidence of effectiveness now being more widely appreciated and supported.

There is no shortage of Australian and especially global "policy experiments" in both climate mitigation and adaptation policy yielding both positive and negative lessons, and a very large scholarly and grey literature on climate policy. On mitigation,

consensus amongst economists on the use of a carbon price mechanism, for example, is clear, as is the case for transition to more stringent vehicle emission standards. Implementation of both are increasingly common in other countries: models of their operation exist. In the adaptation space, local-regional and state-level measures have been often put in place (whether deemed sufficient or not), and networks and the shared knowledge base generated by NCCARF make these visible and thus available for wider or more vigorous promulgation. Relative to other policy reform cases, a lack of known policy experiments that could feed into policy reform and even specific design is not apparently an issue that unduly impacts on climate change policy. The issue is perhaps whether too many and thus a possibly confusing array of policy experiments have been promoted (see 8 below) and in ways that do not sufficiently explain their “edge.”

Perhaps more importantly, the lack of a firm and lasting strategic policy framework at national level for emissions reduction means that policy experiments do not sit under a coherent or organised framework that encourages illustration of and learning from or adaptation of scattered experiences. The NCP case presents suggestions as to the attributes of such an effective national strategic policy—on that basis, the current 2015 National Climate Resilience and Adaptation Strategy (being revised at the time of writing) would be judged as a relatively weak national strategic policy. The 2021 draft replacement to this policy appears to indicate no significant strengthening (Australian Government 2021). Similar to mitigation, the many adaptation policy experiments do not exist within a coherent national policy setting.

II. Making it happen

7. *Broad coalition supporting case.* This factor identifies non-government advocacy groups operating in alignment as being in several cases a critical influence. Our case studies show a number of variations on the role of a broad coalition of groups and interests advocating for policy change and the nature of that change. The NDIS and gender equality cases saw broad coalitions of interest groups supporting reforms. Importantly, coalitions including, for example, both business and social services or justice groups—often seen as unlikely partners—can wield particular potency.

Climate change policy has perhaps only recently fostered a sufficiently broad coalition of groups—environmental, private sector, financial, social justice—in Australia. For much of the past three decades, scientific and environmental interests have dominated the pro-reform side of the debate, with either opposition or muted interest on the part of economic and trade interests. Whether that shift to a wider set of pro-reform interests will last or be of influence remains to be seen.

8. *Consistent messages and advocacy over extended period.* Policy reform can happen quickly, but systemic and significant reform typically has a history of evidence-building, the organisation of advocacy and consistent messaging over time. The more specific factor of consistent communication of policy reform proposal over time emerge in several case studies. The (unfinished) advance of gender equality is a case where consistent conveyance of fundamental arguments has been central to what advances

have been made, similarly with the case for the need for and benefits of early childhood care and education.

There are two dimensions to such messaging with climate change: regarding the reality or nature of climate change, and regarding desirable or necessary actions once that reality is accepted. On the first, firming scientific consensus via arguably the world's most sustained, significant scientific collaboration (the Intergovernmental Panel on Climate Change) and other scientific sources has failed to resolve the Australian climate policy impasse. It is difficult to think of a major public policy issue in recent Australian history where the basic facts of the matter are as contested, vigorously over time, as with the science of climate change. On the second, while there have been persistent arguments for primary policy options such as carbon pricing/market mechanisms, there has been perhaps too diverse an array of particular policy designs promoted over time within such general approaches, leading to a confusion of options without any one being promoted clearly and for long enough.

9. *Strong/accepted body of evidence.* A crucial factor in several case studies has been the importance of authoritative bodies of evidence, data and analysis supporting the case for policy reform, and of relatively independent institutions grounding that authority. The reports of commissions of inquiry and the Productivity Commission feature prominently in this discussion. With the NCP, the commissioned “Hilmer Report” became the informational basis supporting profound policy and economic reform. While spurred by a political context, the RFA process drew on the Resource Assessment Commission’s Forest Inquiry report as an information source. This latter example might highlight how insecure some bases of such authority might be (the RAC was very short-lived), but also indicates the importance of wider processes of evidence-gathering and analysis in supporting reform.

It may be that no other recent issue has had the volume and independence of evidence supporting its importance as the science of climate change. There is also likely no other issue where such rising and now strong scientific consensus has been as contested over an extended period of time. This factor is not explored here further, but other factors identified in our case studies are clearly relevant (vested interests, inconsistent messaging, lack of broad coalition)—along with a factor not identified in our cases but identified elsewhere, being political identities or “party shibboleths” (Daley et al., 2021).

10. *Mix of social, economic, cultural and environmental arguments.* While factor 11 below discusses the importance of economic or market-based arguments, it is also important to recognise that three cases identify a richer mix of argued benefits as influential in moving policy reform forward. Perhaps notably, these are three cases in the broad area of natural resource management and associated economic and social activities. With Caring for Country, the benefits are argued to be social and economic, and deeply cultural, for Indigenous communities, along with positive environmental, climate adaptation and biosecurity outcomes. The RFA process opened what had been a traditional and limited environment (nature conservation) *versus* development (forestry) contest to inclusion of other values, such as water catchment, cultural attachment, recreational values and other economic uses. The NWI, while largely focused on irrigation *versus* environment trade-offs, did, in its original and wider scope,

include Indigenous cultural values, a range of in-stream uses including recreational use, and regional socio-economic outcomes (irrespective of the extent to which these have been attended to in more recent years).

Climate change has been characterised in much debate primarily as an “environmental issue.” More recently, its economic dimensions have become more pronounced, along with some attention to the related social dimensions of impacts on particular communities. Strict social justice or equity dimensions are strong in the scholarly and advocacy literature, but less so in wider media and political debates, or if they are, then in a usually negative sense as an argument against policy action. The need to counter this association is clearly imperative: the impacts of both climate change itself and the burdens of adaptation to those impacts and to a low-carbon economy will be borne particularly by the poor, marginalised and disadvantaged, within Australia and globally.

11. *A prominent economic or “market” argument.* A strong theme emerging from the cases is the presence of an economic case for policy reform, and a market element within a reform proposal. Arguments framed in market terms have heightened ability to win the support of, or at least the tolerance of, organisations which hold such an orientation or ideology, whether in government or the private sector. Policy reforms with a focus on equity and rights and social justice have argued sizable economic benefits as well: gender equality, childhood education, affordable housing, and the NDIS. The counterproductive outcomes of curriculum diversity with regard to human capital formation can also be seen in these terms. The power of coupling of a market rationale with social justice considerations, rather than in inherent opposition, is a strong theme across several case studies.

As noted above, the economic benefits of climate change policy, both as avoided costs and new economic opportunities, have increasingly been emphasised, but only more recently, and counter-balanced by arguments around the perceived costs of policy reform and subsequent economic and employment adjustment. The widespread expert consensus that a prime policy lever—some form of carbon price mechanism or carbon market—has taken some time to be more widely endorsed by private sector interests, and the strength (level of price, extent and detail of market) of such a mechanism remains highly contested. Nationally in Australia, one such proposition (the Rudd government’s 2009 CPRS) failed to gain sufficient support, and the other (the Gillard government’s 2011 Clean Energy Future Package (CEFP)) survived only briefly before disestablishment by an incoming government. It has been often noted that a market-based emission reduction policy has been most consistently opposed at the federal level by conservative liberal political groups who would normally be expected as economically liberal to be more inclined to market ideology and thus a market instrument.

12. *An argument based on rights and justice.* A number of cases noted the importance of arguments that appealed to social justice, rights, equity and fairness as central to gaining support to policy reforms to address inequality generally in marginalised or less fortunate parts of society (e.g., childhood education and care, the NDIS). With Caring for Country, increasing opportunity for livelihoods and community economic development combine with the rights of Indigenous people to work on their country, including as addressing past dispossession. In other cases, some fairness arguments were

subsidiary, such as through transparency of funding or increasing competition, but fiscal and economic justifications dominated.

Arguments for climate change policy reform do rest on rights arguments—those of future generations—however, these values seem not to have taken hold sufficiently to break the impasse. While social justice issues around differential impacts of climate change and of adjusting to economic and employment ramifications of policy change are presented by reform proponents, these are balanced by arguments against change on the basis of impacts on current economic and employment patterns and those in such sectors. An issue not emerging in our case studies, but central to climate change, is the trading-off of near-term costs versus long-term impacts and costs. This issue of *temporality* is notable with climate change. Our case studies explored issues that arose over extended periods of time, but where the benefits of reform were closer in terms of benefits emerging or costs avoided than the multiple-decadal projections of climate impacts. However, we can note that longer-term avoided costs have been addressed in Australian policy reform—consider universal superannuation, defence procurement, or forward infrastructure planning. While reform is made more difficult with long-term time horizons, such examples evidence that it does not render it impossible.

13. *Ground-up and community engagement, ability to “experiment” locally.* Distinct from state/regional-scale flexibility in implementation (factor 17 below), several cases evidenced the influence of community engagement and the ability for local or community-scale innovation and trialing of initiatives that inform wider reform. The use of Regional Forest Forums to seek relevant information and discuss options was within a broader national policy process, but allowed a more diverse level of engagement (notwithstanding any disagreement or disappointment with eventual RFA outcomes in particular regions). The role of stakeholder engagement in development of various programs was noted as significant in pursuing educational equity and quality. Caring for Country has been very much driven by local innovation and commitment, and the sharing of experiences.

Community engagement in climate change responses has been notable in localised climate change adaptation activities. However, as discussed in factor 6 above, it has not been aided or enabled within coherent higher order policy. Localised emissions reduction initiatives are increasing, mostly involving community-based renewable energy programs, again within the arguably inadequate framework of higher order policy settings. Grassroots advocacy and activism has also increased, lately involving more and more young people, but largely, the national policy debate has been around government action and the scope and strength of such policy.

III. Making it stick

14. *Available or achievable suite of policy instruments.* Implementation of policy reform requires suitable policy instruments, be those grants or recurrent funding commitments, tax arrangements, regulations, intergovernmental agreements, trading rules, information and communication pathways, and so on. Typically, a major policy reform utilises more than one, and often several, policy instruments. Our cases illustrate situations where either existing or available suitable implementation instruments existed, or where these

needed to be created. With gender equality, major means of implementation existed via workplace and industrial award systems already in place. With ABF, there were regulatory, legislative and financial means utilised. The NWI and particularly the subsidiary Murray-Darling Basin Plan was an advanced example where a complementary suite of instruments was adapted or developed to implement multiple goals: legislation, water markets, water plans and information systems. In education equity and quality, curriculum design and funding are available implementation instruments, but judged in this case study to be underutilised.

There is no doubt that there are available policy instruments to implement both weaker or stronger climate change policy, many of which have been or are being used in Australia at multiple levels of government. In mitigation, encouragement of renewable energy, technological efficiency, land-based carbon sequestration are examples. The ability to create a national, market-based system has evidenced twice. In adaptation, protective works, building standards, locally relevant information provision and support for adaptation planning are among available tools. Working with or through existing policy structures may serve to familiarise the continuity of climate change response with other established initiatives in policy.

15. *Institutional capacity to implement and monitor.* In a number of cases, the existence or creation of institutional mechanisms to both implement and monitor reforms were noted as important (e.g., GE, RFA, NWI, using both existing and purposefully created institutional capacities). Lack of suitable institutional capacity is likely to lead to at least poor implementation, or to serious policy failure.

This would not seem a serious barrier in the climate change case. Capacity clearly exists for climate change policy nationally, via line departments given responsibility for relevant programs or purposefully created organisations such as the 2011–2013 Climate Commission, the now-diminished National Climate Change Adaptation Research Facility, and the Australian Renewable Energy Agency. Similar institutional means are available and utilised, variably, at the state/territory level. Institutional capacity would not appear to be a barrier to policy reform and delivery. An exception is the often-argued need for strengthened capacity at the local and regional level for adaptation, given resourcing constraints (financial, human, informational) at those scales, which are key to designing and implementing appropriate adaptation measures.

16. *Available administrative and technical means of implementation.* At a finer resolution, the suitability of public administration mechanisms, financial tools and the like can influence the success or speed of implementation. As with 14 and 15 above, the practical mechanisms to deliver gender equality improvements existed, and, in the case of Caring for Country, tenure classification, organisational and practical means for adoption of practice were available, along with the long-held skills and knowledge of Indigenous communities. With the RFAs, long-established protected areas and forestry agencies and their planning and management processes, provided the bulk of the implementation capacity.

As with factor 15 above, there would seem to be considerable scope to work with existing structures in general, as there would appear to be no administrative or similar barriers to stronger climate change policy, given past or existing knowledge and use of

available policy instruments and of institutional arrangements. While enhanced capacities or detailed procedures may need to be created, these would not be beyond the scope of standard policy capacities, as displayed over time in many of our case studies. Again, though, the strengthening of local-scale capacities for adaptation, along with supportive higher order policy settings, presents a challenge.

17. *Flexibility in implementation, state or regional scales.* In a federal system, national-scale policy may need to account for different state/territory or regional contexts, and use flexibility across these to either gain agreement or fashion the most efficacious policy design, or both. In our studies of education and housing, both sectors where the states have considerable autonomy, national policy progress was influenced by different implementation processes at the sub-national level.

While some national level climate policy options (e.g., carbon pricing or markets, emissions standards) would be more difficult to vary across jurisdictions, this could be done sector-by-sector in a manner to assuage jurisdictional concerns or manage differential impacts (as per both the proposed CPRS and the short-lived CEFP). Adaptation policy could and indeed should be adapted to regional/local realities of climate risk, assets, economic patterns, etc. There would appear to be little reason to suppose that this factor is a barrier to solving the climate policy impasse, subject to appropriately flexible policy design.

18. *Possibility and use of negotiation and compromise.* Policy reform typically involves some compromise away from what some stakeholders or experts believe to be the optimal solution, inevitably as other stakeholders' views or practical constraints are taken into account during debate and negotiation. Some of our case studies noted the importance of negotiation and compromise to moving forward with reform. Caring for Country is fundamentally a negotiated and deliberated innovation, between local communities, land management agencies, funding bodies and others, making advances within constraints and available opportunities to develop modes and organisation and practice. The process of information building, coalition-building and debate that led to the NDIS resolved previously conflicting positions towards an agreed broad model.

Negotiation and compromise in the forms noted in the case studies are somewhat different to the climate change policy context, however, as a normal part of policy formulation and design, there would be no reason to see this as a factor blocking reform in the implementation phase. The unsuccessful CPRS involved compromise in negotiation with industry, and briefly, in the federal political system, as did the short-lived CEFP.

Next steps

A formal conclusion is inappropriate for a discussion paper such as this, the purpose of which is to summarise what lessons might be learnt from past policy initiatives, rather than to propose a concrete solution. We don't lack expert and incisive recommendations on how to address the challenge of climate change, or powerful summations of what has gone wrong in the will of government to tackle such issues in the "policy gridlock" since the "golden years" of reform in the 1980s to early 1990s (Daley et al., 2021), accentuated in the "dog days" settling in since the Global Financial

Crisis (Garnaut, 2021). What we do lack, or at least the deficiency this paper seeks to address, is an effective means of securing a mix of policy synthesis, political legitimacy, social engagement and a plausible future vision sufficient to break through the impasse of prevailing government responses. There are signs that influential actors, outside the Commonwealth Government, are steadily rallying to address this deficiency. Such initiatives, however, only confirm the need to reflect on past experience.

One central dimension of breaking through that impasse was formulated by Jon Barnett in the first meeting of contributors to this discussion paper and accepted by us all as a guiding theme: that climate change is perhaps best seen as a *social justice problem with environmental characteristics*. Questions of access, equity, rights and assistance need to be central to policy initiatives, not simply as questions which arise as consequences of policy intervention, but as aspects of contemporary society that in themselves warrant attention (and which, often, can be shown to have connections to factors contributing to wider stalemates in policy design and delivery). This formulation is perhaps the best “next step” to flag in the discussion we are hoping to stimulate. The case studies presented here, and the matrix derived from them, offer a range of perspectives on how policy reform has managed complex challenges in recent Australian development. Climate change, no doubt, presents problems of a much greater degree of magnitude, but until its social justice dimensions are made central, the kinds of “buy-in” and momentum required for sustained action will remain hard to secure.

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