

## The Policy Pitch – A policy view on the Federal election - Melbourne 14 June 2016

As the Federal election enters its final fortnight, Grattan Institute's CEO and Program Directors discussed the key policy reforms that the next Commonwealth Government should tackle. Some issues will be part of the election platform of one party or another. Many won't be. As an antidote to campaign trail gossip, this event covered a broad field of the issues that really matter to Australia's future: economic growth, budget repair, tax reform, transport infrastructure, education and health.

**Moderator:** Virginia Trioli – Journalist

**Speaker's:** John Daley – CEO, Grattan Institute  
Marion Terrill – Transport Program Director, Grattan Institute  
Tony Wood – Energy Program Director, Grattan Institute  
Stephen Duckett – Health Program Director, Grattan Institute  
Andrew Norton – Higher Education Program Director, Grattan Institute

PETER MCMAHON: Good evening and welcome to tonight's *Policy Pitch*. My name's Peter McMahon, I'm the Director of Digital Marketing & Comms here at the State Library. Tonight's discussion is being held on the traditional lands of the Kulin nation. I wish to acknowledge them as the traditional owners and to pay my respects to their Elders and to the Elders of any other communities who might be with us this evening.

I'd like to start by welcoming our esteemed panel, Virginia Trioli, John Daley, Marion Terrill, Tony Wood, Stephen Duckett and Andrew Norton. I'd also like to welcome Grattan Institute members and staff and pay a very warm welcome to our Friends of the Library and members of our Corporate Members program, and acknowledge your very generous support of the Library. We're delighted to partner with the Grattan Institute on *The Policy Pitch* series. *The Policy Pitch* is a cornerstone of our programming calendar which now boasts more than 40 events for our winter program. Tonight's topic is *A policy view on the Federal Election*. Our panel will provide us with a view of the key policy reforms that the next Commonwealth Government should tackle.

To start this evening I'd like to introduce Grattan Institute CEO John Daley, please join me in welcoming John.

JOHN DALEY: Thank you very much Peter and it's a privilege to be here again in the State Library with this *Policy Pitch* series. The first thing I have to do tonight, apart from welcoming you as well, is to welcome Virginia Trioli. Virginia has many, many attributes. One is that she's a graduate in visual arts and, of course, one could think of no higher qualification. She is a distinguished journalist. She is the vivacious host of ABC News Breakfast at an hour that many of us couldn't possibly contemplate doing anything that vigorous, but Virginia, nevertheless, always manages to make it seem incredibly exciting and, as a result of that, is across an enormous variety of topics and is someone who is always guaranteed to ask any number of penetrating questions on them. So when we were looking at

*The Orange Book*, which we'll talk about in a moment and which we are publishing tonight, we couldn't think of anyone who would be able to be across such a broad variety of topics except Virginia. Please join me in welcoming her.

VIRGINIA TRIOLI: Well with that rev up and given the hour, I just want to go home really! Delighted you could be here, I'm always really quite overwhelmed at the number of people and the great engagement that we see here at the Grattan Institute's *Policy Pitches*. I've been involved in one before, a similarly great crowd, and I'm looking forward to some great questions from you. The event this evening is being recorded for *Big Ideas* which will be broadcast on Radio National, or RN as it's known now, so stay engaged and pitch your questions accordingly and I'll allow plenty of room for you at the end of our discussion to do that.

We have a terrific panel to hear from tonight, including John Daley himself to discuss *The Orange Book*, because clearly the Grattan Institute has totally given up on any policy being discussed during the election campaign, so they're now pitching their focus to after the election campaign and to when we have the next government. I, like you, come to you as a halfway point survivor of this unbelievably dreary Federal election. I can't remember one in my memory that seems to be so devoid of fire and brimstone. At least we can perhaps bring some passion to it this evening. John Daley of course you know; Marion Terrill is here with us and will be speaking about cities and transport; Tony Wood is going to be speaking, of course, about energy; the revered Stephen Duckett, who knows everything about health, will be addressing health this evening; and Andrew Norton will be speaking about higher education and answering your questions on those, and I'll give them a more formal introduction in just a moment.

Let's start with John Daley and let's start with *The Orange Book 2016*. This publication from Grattan is being called *Priorities for the next Commonwealth Government*. John, why have you written it and why is it orange?

JOHN DALEY: One of the things that bureaucracies do during an election campaign, they don't just kind of disappear off on holiday because there are no politicians to talk to, they typically prepare what are known as the Blue and Red Books for incoming governments. Each department does one and these books are presented to whichever government wins, if the Liberal/National Party win they get the Blue Book and the Red Book gets pulped, if the ALP wins then they get the Red Book and the Blue Book gets pulped.

Those books essentially look at both "here are all of the things that we have heard during the campaign that you wish to have as your platform as the new government" and "here are our views as to how they might be implemented". Occasionally they go to "here is why this is going to be a tremendously difficult and, indeed, courageous idea to implement, Minister, and here are all the reasons why it would be terribly courageous". And, of course, they are also an opportunity for the department to step back a little and talk about strategically what are the priorities. So that's what we've done as this *Orange Book*, is step back and say what do we think the priorities for the next Commonwealth Government should be. Orange because, of course, that's the colour of Grattan and not the colour of any of our political parties, apart from presumably Cathy McGowan, in Indi, is very famously extremely orange, but with that exception it's not the colour of a political party in Australia.

We're hoping to talk about the priorities for government and you will be able to download a copy of this publication from our website sometime later this evening.

VIRGINIA TRIOLI: So what are the priorities as Grattan sees them?

JOHN DALEY: The first thing that we do is layout a framework for thinking about what is it the government's trying to do? Firstly, it's trying to promote economic growth, that's relatively straightforward. Secondly, governments are trying to provide a number of services or at least support a number of services that citizens value one way or another, whether that's transport or education or health or whatever it might be. Thirdly, governments, one way or another, are usually trying to promote fairness. Now of course, fairness is somewhat in the eye of the beholder. How much fairness you should promote is very much in the eye of the beholder. Do you care about evening out incomes overall, do you care about particularly looking after people at the bottom, do you care about fairness between generations, do you care about procedural fairness, but, one way or another, you care about fairness.

Then of course you have to deal with the fact that these things don't always line up nicely. If you, for example, provide more in the way of government services, if you redistribute more then, all other things being equal, you will tend to have slower economic growth. Larger government, all other things being equal, means that we tend to have a slower growing economy but, on the other hand, we provide a whole series of services, and if you look at the trade-off that Australian governments have made over about the last ten years what they've essentially done is increase the size of health faster than the economy. In essence, that has increased the size of government. On the other hand, that's led, at least in part, to Australians living longer and healthier lives. That's at heart the trade-off that we make and, of course, the trade-off that we need to make for the future is one that we need to think through.

So that's the kind of framework that we would put over this, we're trying to promote economic growth, provide services, promote fairness, and, at the same time, deal with the trade-offs that all of that involves.

VIRGINIA TRIOLI: The basic problems that Australia faces at the moment though really are shared globally in terms of incredibly slow growth, the cost and the size of government, the population change, climate change and the like. In this report, what priorities do you put on the key problems that Australia faces right now?

JOHN DALEY: We tend to apply the same kind of lens that we put over all of Grattan's programs, which is to ask, firstly, is it big, does it affect a lot of people, does it have a big effect on the people that, one way or another, it touches? Secondly, we look for things where we're not making as much progress as we should be. Good policy work gets done, but nothing much happens. Usually that's happening because there's a vested interest group and one of the things that I think we've discovered over seven years at Grattan is that vested interests tend to know that they've got vested interests and be very well-represented. Ironically, the public interest often has relatively few friends and the only friends they've got ultimately tend to be the government and institutions like Grattan. Thirdly, we look for things with the analysis that we do, the ability to look at a problem and say, "What do the numbers say? What does the evidence say?"

Those are the kinds of things that we've used as priorities for *The Orange Book*, but they also tend to be priorities for government. Where are the things that'll make a really big difference, where is it that we've actually got reasonable evidence that we know what we should do, and what is it therefore that we need to get on with?

VIRGINIA TRIOLI: Thus we have the subject areas that are represented here this evening. Marion, can I move to you. Marion Terrill is Grattan's Transport Program Director, she's a leading policy analyst and former public servant who helped write the 2010 Henry Tax Review – not implemented, long lamented, gathering dust in a drawer somewhere, more's the pity – and has also worked for the Business Council of Australia. Marion joined the Grattan Institute in April 2015. Marion, economic activity and high-paying jobs are concentrating of course in the centres of our largest cities, but more and more people have to live in the suburbs far from the centres and still they mostly travel into the centres, and we see the problems, as we saw this morning on the South Eastern and the Monash.

How should a Commonwealth Government respond to that when we apparently have this new focus now on reinvigorating cities?

MARION TERRILL: It's true, all of us are hearing so much about cities and particularly about the Commonwealth's role in cities. Big cities are really important, they're where most GDP is generated and most GDP growth is. They're also where most of the population already lives and most new population chooses to live. A quarter of all jobs are within five kilometres of CBDs and 40% within ten kilometres. These trends are set to continue.

It's a good thing for us in a lot of ways for cities to be bigger, provided that they work as cities rather than as a series of disconnected villages. There's an emerging understanding internationally that as a city doubles in size it more than doubles in GDP per capita, wages per capita, innovation per capita. So the role for the Commonwealth I think, in light of that, is to make sure to the extent of its capacity in this area that cities work as well as they can. The things that I think could happen for the Commonwealth are, the Commonwealth spends about \$8 billion a year on transport infrastructure and a lot of that is spent, in what I think is quite a wasteful way, in the country on infrastructure that's not used by many people and is not that economically important.

VIRGINIA TRIOLI: But might be politically important.

MARION TERRILL: It might be politically important. So improving the functioning of cities and people's capacity to get around in the big cities would be one thing that the Commonwealth could do that would really make a difference.

VIRGINIA TRIOLI: Can I just ask you a question before we move on about political reality in that respect, because of course it's the states and even sometimes the local councils that actually get a little bit more control of this. How possible, how feasible is it that any government that has cities in its focus can actually parachute in and make effective policy change?

MARION TERRILL: You're quite right that it's the state and the local governments that have got the primary governing role of cities, but cities are important not just to the local area and to the state, they are important to the national economy. I think typically and historical the way the Commonwealth does

get the states to do things is it gives them financial inducements, and it could do that in this situation. So it could give the states financial inducements to replace stamp duty with a broad-based land tax, for example, and it could give them inducements I suppose to consider other things like relaxing land use planning so that more people can live closer to the city centre and in the inner and middle rings, rather than being forced to the outer rings while we have such incredibly low density of cities in this country.

VIRGINIA TRIOLI: I know that's going to get some commentary as we move on because it's a policy that's attractive to many, except when you hit those middle rings and then you get the pushback. Let me introduce Tony Wood formally. Before joining Grattan in 2011, Tony worked in senior roles at Origin Energy for 14 years. He was also Program Director of Clean Energy Projects at the Clinton Foundation and in 2008 was seconded to offer an industry perspective to the first Garnaut Climate Change review, so he's skilled in both areas, if I can pitch them against each other, energy, climate change and climate change mitigation.

Climate change policy is a bit of a mess though at the moment Tony, where do the two parties stand on the issue and are there any grounds for optimism that Australia might actually in some meaningful way move to really reduce our carbon emissions?

TONY WOOD: I guess you are correct. If you look at the landscape of the climate policy over the last seven or eight years in Australia it's littered with the dead bodies of both leaders of oppositions, leaders of parties and Prime Ministers. So it's certainly been one of the more toxic areas of policy debate that we've had in that period of time and when you talk to people outside this country, Australia is now being held up as an example of how not to do it because we are I think the first country that actually got rid of a carbon tax or carbon price. That's not exactly the record we should be looking for.

However, when you look at the current election campaign one of the things that I think is actually for the first time giving me some grounds for optimism is that it's not a big issue in the election campaign, and the reason I say that is because maybe we could get some bipartisan support, rather than being pushed to the corners, as often happens when governments are discussing something which is as toxic and as difficult as climate change policy. So maybe there's an opportunity here for some common ground, even though when you look at the positions they have different targets for 2030 and they have some differences around what they would do in some detail, but they have both agreed to a target and they've both agreed to using market mechanisms to get there, and we think it may be that keeping this off the agenda for the election could be the beginnings of working out how to move forward, because throwing it out and starting again is a very bad look.

VIRGINIA TRIOLI: And moving to those polarised positions, as you say, removes the whole argument as well, it means you actually don't end up getting any policy development?

TONY WOOD: Exactly, and other countries have seen exactly the same problem.

VIRGINIA TRIOLI: So on the point that you make about there being agreement about some sort of market mechanism, in the spirit of what you're saying, do you also further suggest that as long as the



phrase “carbon pricing” is not used either then you might actually end up with some bipartisan support or even tripartisan?

TONY WOOD: Unfortunately, but I guess it's the nature of politics, language becomes important and we had a time in this country where we couldn't use the words “energy” and “climate change” in the same sentence. In some places in Australia you had to use “climate variability” rather than “climate change” as the way you described this phenomenon, so we've ended up with a very unusual debate around language. The very fact that you can have as many different forms of emissions trading as there probably are almost people in this room tonight Virginia reminds me how we've got to try and get away from that. So I don't really care if they don't design the perfect economically efficient emissions trading scheme. For God's sake, let's have something that we can start to work with and starts us moving in the right direction, rather than arguing about what particular form of carbon policy we're going to use, because that's what we've done and that's got us where we are today, which is almost nowhere.

VIRGINIA TRIOLI: Before we move on, just one other question to you about power prices, which really have gone up quite significantly, by more than 60%, in the last few years. Why is that happening and is there anything the government can actually do about that?

TONY WOOD: It does touch a little bit Virginia on the point about State and Federal politics because we do have a situation, particularly in some states, where governments are conflicted because they still own the assets and have used those assets as a way of raising more money for Treasuries in the past. That has created some of the problems we've had because it's been the costs of the networks that deliver the electricity from the centralised generators to our homes and businesses that have been the biggest contributor to high costs in the last seven or eight years, and it's been a big contributor. What that means is that governments need to do two or three things. One is the incoming government needs to seriously push the states that haven't privatised to privatise. You can have a long intellectual conversation about it, but the reality is that where they have been privatised they're cheaper and they're just as efficient and just as reliable and just as safe as when they're in government hands.

The second thing is we need to basically change the way we price the electricity, the networks in particular, because what the industry has been doing on our behalf, encouraged by governments, is to build the system to meet peak demand which only occurs a couple of times a year, and yet they've been building it bigger and bigger. It's like building the MCG big enough to cater for everybody who wants to turn up on Grand Final day. That would clearly be absurd and yet that's what we have done with networks. If we priced them differently people would have an incentive to think about the way we use these systems more efficiently, it would bring down the prices for everybody, and if governments were prepared to take that on it would make a big difference. The reason they haven't, as with a lot of other policy areas, is those sorts of changes create winners and losers, and even if the losers are in the minority they tend to have the loudest voices.

VIRGINIA TRIOLI: Tony, thank you. Stephen Duckett is next. Stephen has held operational and policy leadership positions in healthcare in Australia and Canada, including as Secretary of what's now the Commonwealth Department of Health. An economist, he's a Fellow of the Academy of the Social

Sciences in Australia. So Stephen, given your vast experience in the health policy sector in Australia could you please solve all the problems that we have with the health system, thank you.

STEPHEN DUCKETT: Well Virginia, the reason I think some of the problems haven't been solved is that the health system is complex and simple quick fixes are generally wrong, so that's one answer. The other answer is the great healthcare identity, that is every dollar of health spending is the dollar of some health provider's income, be they a doctor or a hospital or whatever, and, surprisingly, if you're talking about trying to reduce expenditure that also means you're trying to reduce a health provider's income, and they're not always very happy about that. The technical term is "snouts in the trough" or "rent seekers" or whatever.

VIRGINIA TRIOLI: Very complex terms.

STEPHEN DUCKETT: At Grattan, for example, we've done work on pharmaceutical pricing which has shown that Australia pays the pharmaceutical industry, chemists way too much money relative to other countries. We've done work on pathology pricing and, again, we pay to big pathology companies, in fact all pathology services, way more than we need to pay. So there is money to be saved in the health industry, but there's also money that needs to be spent in the health industry. For example, we're not providing appropriate end-of-life care, so we need to be providing greater investments in that area. We need to be restructuring the way we fund general practice to deal better with chronic conditions. Australians pay way more out-of-pocket than any other comparable country, so we need to be addressing out-of-pockets and transparency of charging and so on.

So there are lots of things that need to be done, but it's not one quick simple fix.

VIRGINIA TRIOLI: If you could offer some advice to the next incoming government to focus on a couple of key areas. You mentioned there pharmaceutical pricing and pathology being two, what else would you add to that?

STEPHEN DUCKETT: There's money to be saved in improving hospital efficiency.

VIRGINIA TRIOLI: What do you mean by "hospital efficiency"?

STEPHEN DUCKETT: For example, if you compare the costs of a hip replacement across different hospitals, there's a 50% or something difference within Victoria in the costs of a hip replacement and a bigger difference between Victorian hospitals and hospitals in New South Wales or Queensland or, in fact, to take the extreme, the ACT. There are huge variations in costs which are not associated, as far as we can tell, with variations in outcomes. So we ought to be putting further pressure on the hospitals to say, "Look, there are still waiting lists, especially waiting lists for outpatient services, you need to be providing more services but we're not going to give you any money for it, so you have to find some efficiencies to actually provide those services".

VIRGINIA TRIOLI: Okay, I'm sure there will be plenty more questions that dig down into just the quick observations that Stephen's made there, but I'll introduce to you now Andrew Norton, who is speaking tonight on higher education. Andrew has worked as a policy adviser to the University of Melbourne Vice-Chancellor. In the late '90s he was an adviser to the then Federal Education Minister

Dr David Kemp and with Dr Kemp he conducted a Federal Government review of the higher education funding system and their report, you might remember, was published in 2014. Andrew, the size and the costs of the higher education system are rising. Should the government put a cap on student numbers or allow the system to just keep growing?

ANDREW NORTON: What's happened is that the Federal Government in 2012 removed the previous controls on undergraduate student numbers and, as a result, we've seen a huge escalation, there's been about a 40% increase in student numbers over five or six years. So that's caused a big increase in direct subsidies to universities and it's caused a big increase in total student debt and problems in the student loan scheme.

Even though there are very clear problems with this, the review that was just mentioned opposed re-capping the system and there are various reasons for that. One is that the system we've now got is extremely flexible in meeting skills demands and we've done a much better job, for example, of maybe causing too many health professionals, but we've dealt with lots of skill shortages in the health industry, and when industries go down the numbers go down as well. The previous system lacked all that flexibility. It's also meant that universities are now competing for students, rather than being guaranteed their student numbers, and I think we're all hoping that leads to improvements in the student experience at university, which we can see in student satisfaction.

VIRGINIA TRIOLI: What are the policy consequences of a large and growing system, do you think?

ANDREW NORTON: The policy consequence has really been that governments are casting around for ways to save money in higher education and to date probably they haven't come up with very good ways. So very crude things like a flat percentage cut across the board, rather than looking at how much should we be spending, given what we expect from the system? So I think we really need a root and branch review of how we do it, rather than ad hoc panic budget measures.

VIRGINIA TRIOLI: Okay, we'll get to perhaps some more of the details in the questions. John, I'm going to come to you now because you're the budget guru here this evening. The state of Australia's budget: generally speaking can we say - notwithstanding the deficit and we will hear endlessly about that - that we are in decent shape compared to other countries?

JOHN DALEY: I think the Australian Government budget is a little bit like somebody who is overweight and not exercising and eating too much cheese. So we have a situation in which yes, the Australian Government debt is smaller than the debt of many other countries and that's because we've made very wise decisions in the past, but we're not making particularly wise decisions today and, despite the fact that we've just had the largest mining boom in Australia's history and quite probably the largest mining boom in history anywhere in the world, nevertheless we have a budget which is in significant deficit and has been running deficits of around about \$40 billion a year every year for the last eight years. Now, the consequences of that are two-fold.

The first is it's very unfair to younger generations. When you run a deficit to fund recurrent expenses, and that's what we've been doing, it's not that this deficit is funding a huge increase in how much government's spend on either education or transport infrastructure. Most of it has gone to funding quite big increases in health spending, material increases in age pensions over and above economic



growth, and reductions in taxes for some groups of people, particularly those over the age of 65. So that's where we've spent the money and we're essentially saying, every time we run a deficit of \$40 billion, to younger generations, households under the age of 35, "Congratulations, you are going to pay additional tax at some stage over your life of about \$10,000 to pay back that \$40 billion deficit we've incurred this year". Given that we've now been doing it eight years in a row, that's about an \$80,000 debt that at some stage those households are going to pay in additional taxes. So that's one reason for being worried about these kinds of deficits.

The other reason is that if you look at what happened through the global financial crisis, Australia got away with it. Most other countries saw big drops in their economic output, indeed many of them still have economic output today lower than where they were in 2008. We also saw in many of those countries big jumps in unemployment and many of them making very, very unpleasant decisions which, by and large, hit the people at the bottom hardest, and that was because they just didn't have any other choices. Because Australia had very little accumulated debt, indeed at that stage it actually had positive negative net debt, which is a complicated way of saying the Australian Government had money in the bank, and because we in 2008 had substantial budget surpluses we could afford to do very, very substantial stimulus of the economy from the government, and that meant we didn't see a big jump in unemployment, we didn't see a big reduction in Australian economic activity, and we got away with it.

Now, if we hit a substantial financial crisis today we're in much worse shape. We're already running a very big deficit, we now have much more debt than we used to, and so our flexibility in that kind of crisis is much lower than it used to be. That's why these ongoing budget deficits are a significant concern.

VIRGINIA TRIOLI: Do you see that either of the two main parties are seriously committed to budget repair?

JOHN DALEY: I think we've got ourselves into a couple of pathologies, sort of bad ways of thinking and bad ways of behaving. The official line is that they all care about the budget deficit, but this is something where it's really important not to watch their mouths, but instead to watch what they actually do, and there are a couple of things we can watch them actually doing.

VIRGINIA TRIOLI: Are you about to tell us about psychological tells or something?

JOHN DALEY: They are a little bit like psychological tells. The first thing they do is that they start talking about the long term, "Don't you worry about the budget deficit today. Over the next ten years everything will be fine". Now of course, what that amounts to is a promise that the next government is going to do more than this government and if this government isn't prepared to make any tough decisions, why would you believe that the next government is going to make tough decisions? And indeed we've got a number of the rating agencies effectively saying exactly that, they're nervous about what they call the political will to make decisions. In other words, they don't see anyone making the tough decisions in the short run. So that's one problem, the long termism.

The other problem that we see is, if you like, short termism. They say, "Look, we're pretty confident that everything is going to get a lot better". It's essentially an optimism bias, "We've got these

projections and they show that everything floats back to surplus within four years, don't you worry about that budget deficit thing". The problem is though that those optimistic assumptions have been made now for seven years in a row and so far it hasn't turned out so well. So we've got this optimism bias and because they assume that everything's going to float back to surplus they say, "Well that means we're justified not making the tough decisions today".

VIRGINIA TRIOLI: But as I understand *The Orange Book*, the proposal by the Grattan Institute is probably the least politically popular one you could make, which is to decrease spending and increase taxes.

JOHN DALEY: Yes and, of course, there is no other way to solve the budget deficit. There are only two parts to a budget: spending and revenue.

VIRGINIA TRIOLI: You put it so boldly that at this point any policy makers or any members of the government or the opposition have turned off the radio and aren't listening.

JOHN DALEY: That's absolutely right, but I think one of the issues here is that the public are up for this. Look at most of the surveys that have been run and concern about the budget deficit almost invariably pops up as being towards the top of people's concerns. Why is nothing happening? As you say, because either increasing taxes or reducing spending is rarely popular, but I think one of the other things that's happened is that Australia's got itself into this sort of American pathology where one side of politics says, "Well, we're going to fix the budget by increasing taxes, but we can't possibly touch spending" and then we have the other side of politics saying, "Ah, look, we really need to get the spending down because any increase in tax would be bad". That's the official ideology.

Ironically, when you look at what they actually do, both of them plan to fix the budget by doing both, because when you run a \$40 billion budget deficit you're not going to close that gap without doing both. But the rhetoric is divorced from the reality and consequently it's tough to prosecute the argument in public.

TONY WOOD: There's a common issue across all of the things that we're dealing with tonight and that is that I think our political leaders have undersold the preparedness of our communities, given the right information, to understand the choices that governments have to make. If they're properly explained they can bring the community with them, but I think there's been this move to say, "Well we're not going to do any of that. We're going to magically make it happen differently" by, as John said, either spending the money or not and not fixing it, but pretending otherwise. That's where I think there needs to be a greater engagement about the choices that we have in any area of policy that could be better communicated to people to help understand those choices.

VIRGINIA TRIOLI: Stephen, do you want to pick up there on that particular observation as it intersects with your area of expertise in health?

STEPHEN DUCKETT: There are two sides to that. Yes, there is money to be saved in the health sector, there are efficiencies to be made and we know historically that the public have accepted increases in the Medicare Levy to pay for expansions of health services, to pay for a guns buy-back,

to pay for other initiatives. So even in the health sector you can see there are savings to be made, cuts on the spending side, and also people are prepared to pay with increased taxes.

VIRGINIA TRIOLI: Marion, can I ask you about the issue of the untapped wealth that might be in cities, which Malcolm Turnbull spoke about when he first got the top job and appointed a Minister for Cities. Tell us a little bit about what that might be, what that might look at, and how a new Federal Government might tap into that.

MARION TERRILL: Cities are a little bit different to what John's describing in that a lot of what the Commonwealth would do in relation to cities is more in the nature of investment than in recurrent spending, particularly when you think about things like the Commonwealth's role in investing in transport infrastructure. If that is done effectively it should increase the productive capacity of cities, so it should increase the ability of people to get around and it's really important for economic growth that that happens. The way that that happens is each person in the big cities has got access to a bigger pool of potential jobs, so they're much more likely to find a job that uses their skills and abilities and, similarly, employers have got a bigger talent pool to draw on and so they can get the best person for their job. So you get people doing a better job at work and employers being able to get the right people, but that's contingent on you being able to get from A to B, rather than to choose a job that's just in your suburb.

So that's where there really is potential in cities and where the Commonwealth could have a role. I know the current government is looking at this idea of city deals and that is a little bit different, that is really an idea where different levels of government get together and on a geographic basis set their own priorities, which will be different in Sydney to Melbourne, and pool their resources and their decision making. So although there is a lot of talk about that, I think we are yet to see anything that looks anything like that.

VIRGINIA TRIOLI: Andrew, can I just ask you in your area of education, following the failure of the government to get through their higher university reforms, can you tell us about what the universities most want, if we can speak about them as one group, which maybe we can't and maybe you can explain that a little more as well, and is it antithetical to what we as a community might want from our higher education sector? Do the two ambitions meet?

ANDREW NORTON: I think they all want more money and they have been very persistent in arguing for that over many, many decades, largely unsuccessfully I would note. Even though aggregate spending has gone up a lot, per student spending has not. So one of the big issues we've got here is that the way we've organised higher education is that universities all do both teaching and research, and that's quite an expensive way of running a university. One of the big issues in the whole fee deregulation debate back in 2014 and 2015 was if we deregulate the fees what would happen to the money? A paper we did last year I think persuaded us that, at least for the current deregulated markets, international students, a lot of that is simply spent on research.

So one of the big issues is if we do increase per student funding, how do we make sure that students actually directly benefit from that?

VIRGINIA TRIOLI: Tony, I also wanted to ask you, given the rhetoric around innovation, and I don't use that word dismissively but we are hearing conversations now based on the idea that we genuinely need to innovate, where does the energy sector come in there and is there actually a decent economic argument for serious investment in renewable technologies here in this country? Could that turn into something very valuable for Australia?

TONY WOOD: I think the energy sector globally is one of the big under-spenders in terms of research and development in technology or in innovation, and I separate the two because a lot of innovation that occurs in a whole range of sectors isn't about invention, it's about taking what someone else has invented and actually making it work really cheaply and that's much more interesting.

VIRGINIA TRIOLI: Can you give us an example of that?

TONY WOOD: For example, the most obvious one in recent times would be solar panels. Some of the best technology was developed in Australia or in some parts of the US and it wasn't that many years ago that companies in those countries were actually leading. Guess who made the big impact in terms of driving down the cost of solar panels? It was the Chinese. They've taken the technology a lot further, basically manufactured at scale and driven it down. So there are some opportunities here.

The biggest issue that I now can see around moving away from high-emitting technologies such as we have today, particularly in places like Victoria, towards the situation where we have different mixes of technologies, isn't so much about whether we can have more wind farms or solar panels. It's how on earth we integrate them into the system we have today, namely all these transmission lines and wires and poles that throughout our streets, because that system wasn't designed for distributor generation and what we're seeing in various parts of the world is how the hell do we do that and big investment being needed there. I think the innovation for Australia is more likely to be in a country like ours, which is a bit unusual. We're not like Germany who's connected to a whole lot of outer countries. We have several small countries connected to each other by very thin wires that sometimes fail, as Tasmania found out until today, and our innovation could be around how we do that, because that would be a significant change.

JOHN DALEY: I think this plays into innovation much more generally. As you say, we've heard a lot about it, any theory will tell you that ultimately your economic growth depends on your innovation, but I think there are two things that are worth bearing in mind as you set Commonwealth priorities around innovation.

The first is the innovation we care about is not necessarily invention. If innovations come up anywhere in the world and are applied in Australia we all wind up benefitting. Indeed, if Australia pulls its weight in invention, about 98% of the improvements to our lives will in fact be invented elsewhere in the world, but whether our lives improve depends on whether or not we implement them here. Those things can often be very prosaic. Tony's talked about the fancy technology on the cells and exactly what chemicals and all the rest of it you're putting onto your solar panels, but actually a large part of the cost is now how do you attach the thing to your roof? It's not very glamorous, but figuring out, "I can attach it to your roof using one fewer piece of metal" can make a difference in the long run, and that's something that we can quite possibly copy from some German roof builder and apply here very happily and save ourselves a lot of money in the process. But that, of course, happens across the

economy, so there's this distinction between invention and innovation. You need to bear in mind that 98% of the innovation we care about is not necessarily invented here.

The second thing you need to bear in mind in terms of innovation policy is that the thing that really focuses people's mind on innovation is not the government promising to give you a little bit of cash for going and innovating. If you look at the history of innovation funds and policies across the world it would be fair to say that very few of them have had a particularly large impact. The thing that really gets companies to innovate is competition and knowing that their back is to the wall and that if they don't do things differently to tomorrow, they won't change and they won't survive. If companies are that lazy, happy and profitable because they're not having to compete very hard often they don't innovate very much. It's when their back is to the wall they all of a sudden start innovating, and that's why competition policy matters so much. We've done a lot of the broad competition policy reforms. Many of the policy reforms that are now needed are very much focused on particular industries, because governments put all of these rules and regulations around every single industry and often those rules and regulations are ultimately designed to benefit the people who are already working in that industry because they effectively stop other people from competing with them.

So one of the biggest things that a Commonwealth Government can do is methodically work through a series of industries and ask, "How can we make it more efficient?" That's the work we've done, for example, in the superannuation industry. It's very large; it's more than 1% of Australian GDP. It appears to be pretty inefficient. It's got some people who charge you way more than others to manage your superannuation and do no better job, indeed probably do a worse job, and that is partly because of the way the industry is structured and set up. There are things that governments could do, Commonwealth in particular, that would encourage the players in that particular industry to in fact compete with each other much harder. We've got lots of competitors in that industry, but they don't compete very much.

VIRGINIA TRIOLI: I've got a couple of questions here already pre-submitted by audience members, so thank you, which I want to ask of the panel now. This is a really good question and it goes to all of you, but Stephen I want to start with you. How is the increasing digitisation internet of things, which is such a great phrase, going to change your area of health? Where do you see the great change and development, pressure, opportunity, threat from digitisation?

STEPHEN DUCKETT: In the health sector the whole digitisation and so on has been a huge waste of money. It's one of the best ways for governments to waste their money, such as the electronic health record and all of that. There have been some stupid pathways we've gone down.

VIRGINIA TRIOLI: Can I just jump in, the electronic health record, the idea of that and the investment in that has been a total waste of money you believe?

STEPHEN DUCKETT: The national personally controlled electronic health record so far has been a complete waste of money, in my view. That's not to say that I'm not a supporter of an electronic health record. Properly implemented there is evidence that this can lead to better care and more efficient provision of services, but it's got to be done on a rigorous business case, it's got to be done very carefully.



I'll give you an example. When I was Chair of the board of The Alfred we digitised the radiology service there. The management brought the business case to the board I think three times before the board accepted it because each time there were aspirations of, "We're going to save all this money here" or "We're going to improve quality there" without actually nailing down how you would do it. So we forced the management to come back three times until they were actually able to demonstrate it. It was able to be demonstrated and The Alfred was the first hospital in Victoria to have a digitised radiology service and it worked and it was good, but it had the potential not to work and not to be good.

VIRGINIA TRIOLI: So as long as the ideas are rigorously interrogated, then clearly there are advantages and savings to be made too?

STEPHEN DUCKETT: Yes.

VIRGINIA TRIOLI: Okay. Andrew, what's your response to that question about digitisation, opportunism, savings and money wastage?

ANDREW NORTON: I'm more optimistic than Stephen on this. One of the really interesting things we've seen over time is that even though student-staff ratios have got worse, student satisfaction with feedback in communication with academics has gone up a lot. I think there's a very simple reason for that; electronic communication is much more effective than the old system of queuing outside the academic's door for two hours per week.

VIRGINIA TRIOLI: I was going to say, waiting in the corridor, I remember doing that.

ANDREW NORTON: Exactly.

VIRGINIA TRIOLI: You mean they actually answer emails now do they?

ANDREW NORTON: They actually answer emails or there are learning management systems where students all ask the same question, so it's all up there once, rather than everyone doing it separately. Now I think we're moving to the stage where we can use data about what students are doing much more effectively, partly this is just universities working out who's engaged and who's not and acting on those who are not engaged, something called adaptive learning software where the software actually adapts to where the student is academically, so if they've missed a concept it just keeps going back to it explaining it in different ways until they learn it. That's really important in subjects where if you miss something at the start you're confused for the rest.

VIRGINIA TRIOLI: Marion?

MARION TERRILL: Digitisation is really important in transport and really promising. There's a real urge to build more infrastructure all the time, more new roads, more new railways, but in fact what the use of data can do for us is to help us to manage the peak times, which is really what a lot of the building is for.

For example, it can give people in peak hour traffic signals before they head out about where the peaks are going to be and they can choose to avoid them if they're free to do that, or else they can go out knowing what they're in for, maybe arrange to do something a bit later on or whatever it might be. Information is fantastic for using what we already have more efficiently. I think it also does open up opportunities that have been a little bit hard to imagine in the past. One example would be road pricing, so because we carry sensors round with us and because there are a lot more fixed sensors in the world there's the ability to know where a particular vehicle is. So the whole business of road pricing becomes more technologically feasible at a reasonable cost and with a reasonable degree of sophistication.

VIRGINIA TRIOLI: While I've got you, can I get you to reflect on something that I heard recently at an infrastructure conference? It was so interesting, a woman there on the panel brought to us the case study of a company she was working with that gave all the employees iPads, gave them all fantastic connections and the like, organised their workgroups differently, organised their weekly outcomes differently and said, "Work wherever and however you like". In one fell swoop, that took 35 cars off the road. They weren't driving in from the outer suburbs and into the city location anymore. They were working effectively, and it had to be reviewed from time to time to make sure that the system was there, but that example of digitisation and the way it affects both cities and roads and transport to me was very interesting.

Is that a realistic case study to you?

MARION TERRILL: Yes and no.

VIRGINIA TRIOLI: Start with the yes.

MARION TERRILL: It's great to be freer and to be able to do things at different times and places. I think that freedom can be fantastic and it can allow people to manage other parts of their lives better, but the no part is that we are social creatures and the benefits, the reason why people want to be in big cities and why they locate in big cities and a lot of the productivity benefits that come from that are actually to do with human interaction.

VIRGINIA TRIOLI: So the water cooler will always win. Tony?

TONY WOOD: There's actually in this area a strong interaction with transport because the evolution of electric vehicles and the way in which they can be used, both as a source of transport but also as a source of backup power, will be important because they'll be able to be connected. If you live in the state of Victoria and if you're not one of these people who thought that a smart meter was going to fry your brain you probably have a smart meter in your house to measure your electricity. Unfortunately, having spent \$2 or \$3 billion on these things several years ago now, because governments implemented it very badly, we haven't used the information much on those meters. Yes, we don't have to read the meter anymore and we can disconnect and reconnect electronically remotely, but we're not using the information.

I think the potential to use that information, in similar ways to what Marion was saying, where by using that information and interacting with smart appliances, for example, if someone said to you, "We're

going to save you \$1,000 a year from your electricity bill and it'll all be done automatically and you don't notice any difference in your comfort". Because what will actually happen technically is on those hot days your air conditioner will be turned off for about ten minutes in an hour and your neighbour's the next ten minutes and your next neighbour the next ten minutes. You don't notice the difference, but the entire suburb's electricity demand at peak times goes down. So the potential to use that information much more powerfully is dramatic. Enormous amounts of data are involved because you're reading these things at every home every five minutes, and you can imagine what the data involved in that will be, but the potential is enormous and the costs of doing so are within reach.

So there is some really exciting potential there to make a big difference to those costs you mentioned before.

VIRGINIA TRIOLI: Sounds like a terrible invasion of my privacy, Tony. He's not concerned at all though!

TONY WOOD: No, interestingly what happened a few years ago was Premier Mike Wran decided to do exactly what I was just talking about and got exactly that feedback from the community and they didn't go ahead. Yet more recently in other places, when people have better explained what this is about and what would happen in Queensland it's going very well. So it's not necessarily just about the technology, it's often about how you communicate to people to understand what they're going to get.

VIRGINIA TRIOLI: We have our first question from the audience, good evening.

AUDIENCE: This is a quick question for Stephen, we've had pharmaceutical and pathology reviews, but have we reviewed the cost per procedure, so the charge against the billing codes and the doctor's time? Technology and other advances have allowed some efficiency gains, for example, ophthalmology procedures now take significantly less time, but have we reviewed the charging rates per time against those Medicare codes and do you think there's any scope for cost savings if we did review those charges?

STEPHEN DUCKETT: The short answer is yes, there are huge amounts of cost savings. The example you gave is a good one. The price or the rebate that's paid for cataract procedures, for example, is way in excess of what is a reasonable return on the minutes of time involved. So the number of minutes it takes to do a cataract procedure has dropped dramatically, but the price that's paid has not, and so the income to ophthalmologists has significantly increased. Government about five years ago tried to address that, remember my point about expenditure equals income, the ophthalmologists mounted a campaign using their patients to try and stop that, which they were successful in because the politics were horrendous. So it is absolutely something we have to continually address to try and make sure that there's a fair income for health workers of all kinds and that we adjust the prices to reflect changes in technology and changes in the ability to do things and so on.

So yes, there is money to be saved there and also in some cases the providers charge out-of-pocket costs for this, including for cataract operations. In my view, the government should actually publish what each ophthalmologist, what each surgeon, what each general practice charges both in terms of their bulk billing rates and their out-of-pocket costs. The government already collects that information,

it can do it right now and I think it should be put into the public domain quite easily and cheaply, and should be done whichever government is returned.

AUDIENCE: In Australia we have a three year political cycle, whereas say in the United Kingdom it's five years and with a four year fixed term. Do you think the short political cycle in the Federal sphere prevents governments from making courageous decisions?

VIRGINIA TRIOLI: As in the *Yes, Minister* sense of courageous decisions? John Daley?

JOHN DALEY: Clearly our three year political cycle doesn't help and you're absolutely right to say our governments have been very reluctant to make tough decisions. We've had example after example tonight where we more or less know what reforms need to be done in the public interest, but staring down the interest groups is just too hard. On the other hand, if you look back over our history we put through an enormous number of very politically difficult reforms through the '80s and '90s and we still had a three year political cycle.

So it's not impossible. I'd suggest there are probably other reasons that explain why we've really struggled over the last decade, and the shortest and most important of those is prosperity. Governments are a little bit like companies, they tend not to make so many difficult decisions if their backs are not to the wall. When you put their backs to the wall and they run out of choices, that's when they make hard calls and, because we have lived through a period of extraordinary prosperity in the mining boom, governments, particularly Commonwealth Governments, have not made particularly hard calls in the last ten years. Hopefully we are now moving into a period in which they will have to make more of those tough calls and, ironically, we will all be better off in the long run if they do so.

So I think it can be done, but it will require governments to stare down interest groups and it will require them to provide very clear explanations of what they are doing and why it's in the public interest.

AUDIENCE: Will reducing company tax increase economic growth? If it won't, then what kind of tax changes would increase economic growth and which ones would actually generate more jobs in the process?

VIRGINIA TRIOLI: Before we hear from John, does anyone else want to offer an observation there? Tony, do you have a view?

TONY WOOD: Some of you may have come across a book called *Capital in the 20<sup>th</sup> Century* by Piketty, it's about this thick and the vast majority of people who start it never finish it.

VIRGINIA TRIOLI: I hear actually that is now the least read book ever published.

JOHN DALEY: No, it's the second-least finished book on Kindle. The least finished book on Kindle is apparently Hilary Clinton's memoirs.

TONY WOOD: The good news is that Piketty's written a book this thick, which I think is called *Chronicles of Our Time*, and he makes the point that one of the big things that occurred after The

Depression in the United States in relation to addressing some of the failures of the financial system at the time was not only reining in the banks, but actually making the top marginal tax rate more than 70%.

VIRGINIA TRIOLI: Did you hear the silence just then?

TONY WOOD: And economic growth through that period for the next 20, 30 or 40 years continued very strongly in the United States, so there's an interesting policy in terms of what impact tax can make in terms of economic growth. In fact, what tends to happen is I think most people go ahead with their investments most of the time without much difference in marginal tax rate.

VIRGINIA TRIOLI: Andrew, do you have a view on this one?

ANDREW NORTON: Not on company tax, no.

VIRGINIA TRIOLI: John?

JOHN DALEY: Well, to borrow Marion's very wise answer to a previous question, I think the answer to your question is no and yes. Will a company tax rate increase incomes in Australia in the next ten years? The answer is almost certainly no. It will probably increase GDP, economic activity, but we don't actually care about economic activity.

What we care about is the economic activity that increases our incomes and, roughly speaking, the difference is how much gets taken out of the country as profits by people who don't live here. Of course, when you cut company tax rate, because of our dividend imputation scheme, it has almost no impact on domestic investors. Their company tax rate is not what you read as the headline rate of 30%, in effect the company tax rate on profits made by companies is their personal tax rate because of dividend imputation. But for foreigners who own shares in companies that operate in Australia, their effective tax rate is the company tax rate, and so if we cut it they take more money out of the country and so national incomes actually fall. Given the timetable the government is talking about and also how long it takes for companies to start investing more, chances are national incomes would fall for at least a decade, possibly longer. Now, in the long run you would see national incomes start to rise because foreigners would have more incentives to invest in Australia, or at least that's the theory, and ultimately that would leave us better off, but bear in mind not by very much.

So to put it into context, what this means is that in about 25 years' time instead of our incomes being about 47% higher than they are today, which is what we'd expect given normal economic growth, they'll be about 48% higher. So we're not talking, as they used to say, sheep stations, although sheep stations of course are not worth as much as they used to be. So in theory it will, over time, make a difference but, one, it's pretty small and, two, you've got to go through this very big and long period in which actually incomes go backwards. One of the things you could do to reduce some of that, rather than just cutting company tax across the board, is to say, "We will only give the tax break to new investment", because that's why we're doing it. For example, you might either have an accelerated rate of depreciation or you might one way or another create lower tax rates for new investments.



Interestingly, although that idea has now been around for a little while, indeed Craig Emerson has I think proposed it on no fewer than four occasions on the pages of The Australian Financial Review over the last few months, it has been blithely ignored by business lobbying groups. That does lead to at least a suggest that what they would quite like is the windfall on investments they have already made, because by definition all the things they've already invested in they were quite happy to do at a tax rate of 30%. But, of course, if the tax rate does drop to 25% it will be a huge windfall for all of those who have invested already. So the long answer to your question is that company tax rates will ultimately improve economic growth, but there are probably some smarter ways to do it that means there'll be less of a drop in the short run.

In terms of other tax changes that would really have a big impact, probably the largest of them or the one where the pay-off is the largest is to reduce stamp duties and pay for that by increasing general property taxes. Of course, that is, in theory at least, a State Government responsibility, but as with many of these changes it's one where Commonwealth Government incentives, as Marion calls them, bribes as I call them, would be probably quite effective. As Paul Keating once very famously remarked, never get between State Premiers and a bucket of money. If the Commonwealth promises the states money to make that kind of economic reform there is a much higher chance that they will actually do it. So if you're looking for a tax change that'll make a really big difference, that's probably a good place to start.

AUDIENCE: What are the best ways to go about raising revenue? We've heard a lot about keeping costs down, but what are the lowest hanging fruit to really raise the money there?

VIRGINIA TRIOLI: I'd like to throw that to the other panellists in your specific areas of interest, because we talk about savings and we've been discussing growth and how growth is sluggish virtually everywhere. Do we have any suggestions? Andrew?

ANDREW NORTON: I do have some on the revenue side which is to speed up repayment of student debt. At the moment, unless you earn over \$54,000, you don't repay. That's meaning a large number of people working part-time but in a high income household aren't repaying their debt, so this is not targeting the people that the income-dependent loan scheme is designed to protect, which is low income households. So we suggested a \$42,000 threshold instead of \$54,000, which would bring an extra couple of hundred thousand people into repayment and actually bring a big cash boost to Treasury.

VIRGINIA TRIOLI: Okay. Stephen?

STEPHEN DUCKETT: Of relevance to the health portfolio of course is the Medicare Levy, which is an income tax effectively. Also there's been some work done recently on taxing energy-dense foods, which would change behaviours and so on, which I think would be a positive move, and, of course, taxing use of cars more efficiently would be another one which would also have benefits.

JOHN DALEY: And the health insurance rebate, which I guess is technically increasing a tax?

STEPHEN DUCKETT: Well, it's a subsidy of course, so reducing the health insurance rebate. When the health insurance rebate was introduced it didn't change the behaviour of anybody and so it

basically didn't change public hospital utilisation, which it was set to change. So if you removed it, it probably wouldn't change the behaviour of anybody else either, except it would change the number of people with health insurance and save a few billion dollars a year, which is not to be sneezed at.

VIRGINIA TRIOLI: Tony?

TONY WOOD: The theoretically perfect system to address climate change is putting in place a stable and rising price on carbon which increases steadily over time. If you did that, and most governments haven't yet been prepared to do precisely what I just said, then you would also create a source of significant revenue. Much of that revenue, rather than just being cycled back to the big emitters of carbon, would potentially be used to address some of the structural issues with some of the taxes we've already got to make them much more effective and address some of those inequities, and that could be a very significant amount of money. It could easily be criticised by being a great big carbon tax, but if it was done properly you might actually end up not only with addressing climate change, but also a much better tax system as well.

VIRGINIA TRIOLI: Now you've just polarised that debate that you said wasn't polarised these days. See what you did there? Marion?

MARION TERRILL: There's quite a lot of revenue raised in the transport area, the biggest item is fuel excise at the Commonwealth level. Some of the other taxes are fringe benefits tax concessions on cars, luxury car tax and some smaller things. One thing that is happening is that fuel excise is starting to diminish as a revenue source because cars are becoming more and more efficient and we're getting more and more electric vehicles. This is turning the attention of quite a lot of people to road user charging as an alternative. So although this fuel excise is not hypothecated to roads, it is quite a useful revenue base. Road user charging could be a more efficient way of raising revenue than fuel excise and probably that's one of the reasons why it's got quite a lot of supporters.

VIRGINIA TRIOLI: John?

JOHN DALEY: If you're going to increase taxes more generally you're obviously looking to increase those taxes that will have the least impact on the economy and be least unfair, and the taxes that pop up when you do that work I guess are looking at the superannuation tax concessions. They're obviously far too generous and a large part of them go to people who were never going to qualify for the age pension in the first place. One of the promising things about this election is that, for all of the sound and noise and fury about superannuation taxes, actually the differences between the ALP and the LNP are pretty small. They both support winding back those concessions, not as much as we think they ought to be wound back, but it's a substantial step in the right direction.

The other one is looking at the capital gains tax concession and negative gearing. Both of those distort economic behaviour, particularly investment away from a rational investment scheme. The evidence is that the total amount that's invested wouldn't change very much if you increased those taxes. Inherently changing them would be less unfair than most of the other things you can look at and if you look at superannuation, negative gearing, capital gains tax collectively, those things could very substantially increase government revenue, we're talking collectively in the order of up to about

\$10 billion a year. That's not going to fix your \$40 billion budget hole, but it's certainly going to be helpful.

VIRGINIA TRIOLI: I have no idea if our policy makers and our future legislators are listening to this discussion this evening, but I know it's been terrifically illuminating and so have your questions. Please thank our panellists, won't you?

JOHN DALEY: It only remains for me to thank a few people for making tonight possible. The Grattan administrative staff who make it all seem very easy. The Grattan staff themselves, *The Orange Book* that we publish tonight is a substantial piece of work that pulls together a lot of the work that we've done over the last seven years. I don't think there is anyone who has worked at Grattan Institute whose work isn't in here one way or another and I'd really like to thank them for all of the time, energy and enthusiasm that they've put into this work. To thank the State Library for this magnificent venue again, it's a great place to hold this kind of event and we're really grateful for their support. To thank Virginia who was, I hope, everything that I promised you in terms of a lively interested engaged person who kept us all on our toes. Thank you very much.

Finally, thank you to you as the audience for coming, it's been great having you here and we look forward to seeing you at the next Grattan Institute event. Thank you very much.

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