

## ***The Policy Pitch – State Orange Book 2018: Policy priorities for states and Territories – Melbourne***

**13 November 2018**

Election season is looming. Voters in Victoria go to the polls within weeks; in NSW within months. State policy has rarely been more important. But what *should* the policy priorities be, not only for the governments in Australia's two biggest states, but state governments across the nation? The upcoming elections are an opportunity to take stock of how Australia's states are doing, where they going, and what state governments can do about it.

Following the release of our *State Orange Book 2018*, this *Policy Pitch* event, featuring a number of Grattan Institute Fellows and Program Directors, examined some of the policy recommendations from ten years of Grattan Institute reports and outline what state and territory governments should do to improve Australia.

**Moderator:** Paul Austin, Editor, Grattan Institute

**Speakers:** Brendan Coates, Budget Policy Fellow, Grattan Institute  
Hugh Batrouney, Transport & Cities Fellow, Grattan Institute  
Guy Dundas, Energy Fellow, Grattan Institute  
Hal Swerissen, Health Fellow, Grattan Institute  
Julie Sonnemann, School Education Fellow, Grattan Institute

PAUL AUSTIN: Thank you ladies and gentlemen. I welcome you to our *Policy Pitch* event in this wonderful forum, the State Library of Victoria. I'd like to acknowledge the people of the Kulin nation, the traditional owners of the land on which we meet, and pay my respects to their elders past and present. My name's Paul Austin. I'm the Editor at the Grattan Institute and I'm delighted to be joined on stage tonight by five of the best policy brains in the business. First is Grattan's Budget Policy Fellow Brendan Coates who oversaw the *State Orange Book*, which we are discussing and dissecting tonight. Next is Hal Swerissen, Grattan's Health Fellow, then our Energy Fellow, Guy Dundas, our School Education Fellow, Julie Sonnemann and, finally, our Transport and Cities Fellow, Hugh Batrouney. Please welcome the panel. Before we start, let me outline the structure of this evening. The panel and I will discuss and debate some of the issues for about 30 or 40 minutes and we will leave about half an hour for questions from you, our audience members. We've already received, as you may know, a clutch of good questions that some of you sent when you registered for this evening's event and I hope to put some of them to the panel, but we certainly encourage live questions from the floor, so please be ready to put your hand up when that time arrives. We've got a lot to discuss, so let's get to it.

It is, ladies and gentlemen, election season in Australia. In case you haven't noticed, we go to the polls in less than two weeks. The New South Wales election will follow very quickly in March and at the moment the best guess is that the federal election will follow soon after, probably in May. It's a festival of democracy and to mark the occasion we at Grattan Institute have produced this, something we've called the *State Orange Book 2018*. Basically, it's a scorecard that rates the performance of each state and territory across a range of policy areas not only but including housing, hospitals, energy, schools,

transport and cities. It's not just an assessment of the performance of our state governments, but also recommendations on how they can service better. Brendan, you were the co-ordinator of this project so let me start with you. What exactly is the Orange Book? What is its purpose?

BRENDAN COATES: Well Paul, the Orange Book takes its inspiration from the incoming government briefs that the public service does around an election, so there's typically a Red Book and a Blue Book.

PAUL AUSTIN: Who gets red and who gets blue?

BRENDAN COATES: I've had conflicting stories, so if there's anyone in the audience who is a current public servant that would like to clear the record I'd be very happy to take that in comments, but at the moment I understand that the Red Book would be for Labor and the Blue Book would be for the Coalition.

PAUL AUSTIN: Correct.

BRENDAN COATES: But I have heard that it has been different at different points in time and, in fact, the Commonwealth ones aren't even red and blue these days.

PAUL AUSTIN: I think they may be electronic, Brendan, but go on.

BRENDAN COATES: Yes, we digress. Basically what the public service did is they took the election commitments of each side of politics and gave their two cents about how those could be implemented and also some of the other big policy priorities that they think the incoming government should look at, and these were customised for both the returned government, if that happened to be the case - in this case if the Andrews' government is returned in Victoria - or whether Matthew Guy wins the election and therefore there is a new set of Ministers with a new set of policy priorities. So these books would exist and there was a time when they were, in fact, red and blue and had covers to that effect, they'd be delivered to the incoming Ministers, both the Premier and the Ministers in each department, and essentially the book that didn't get up, so the side of politics that didn't win, would be pulped or hidden, locked in a dark vault, never to be seen again, despite the odd FOI request to try to track them down.

PAUL AUSTIN: Whereas the Orange Book, of course, should be on every incoming Minister's desk.

BRENDAN COATES: So that is where we are different to the public service. We're willing to call it as we see it very publically, that's our role, so if we think an election commitment is a bad idea we're very happy to say that the election commitments that some of the state governments or state political parties have been making aren't good ideas. We will give our advice as to what the alternative should be and we're happy to say so publically in the lead up to the election because we're trying to really set the agenda about what the election should be about, so what are the policies that would make the most difference to Australians and how governments could go about implementing them.

PAUL AUSTIN: Okay, I'm going to get very specific very soon but first, Brendan, can I ask you a big, broad question: what's your overall impression of the quality of state governments, having been through this exercise?

BRENDAN COATES: One of the things that we did this time round is we did a state scorecard where we essentially ranked the different states based on the kinds of things that really matter, so how well they're doing in the health system, how healthy their populations are, how efficient their tax systems are. What came across was the variation. Some states do well at some things and not so well at others, but no-one's getting straight As and no-one's getting straight Ds. So there's something that each state can learn from each other because what we're seeing is the kind of policy choices that states are making, whether it's the choices they've made recently or choices that were made 25 years ago, matter a lot to the outcomes that we're trying to measure today.

PAUL AUSTIN: Hal, let me bring you in here as I get a bit more specific. The Orange Book, I think, suggests that Victoria is perhaps the best-performing state when it comes to hospital care. Is that a fair representation and, if so, what might explain Victoria's good performance?

HAL SWERISSEN: Yes Paul, the data says that hospitals are doing well in Victoria on costs and on waiting times. What we did was we looked at three indicators for how well the health system is going. One was avoidable mortality, which is a bit like how healthy is your population altogether; the second was waiting lists and waiting times and how well is your hospital system doing in terms of those; and the third was how are you doing in terms of the cost per patient.

Victoria does well on waiting times and cost per patient. The reason that it probably does that is because one of the major ways that hospitals are funded across the country is on something called "activity-based funding". That basically means that hospitals about 30 years ago moved from a big truckload of money showing up at the front door at the appropriate budget moment and money being shovelled out the door into the hospital and then at the end of the year an annual report being delivered back to government to say how the money was spent, to a system where hospitals are now paid for the patients that they treat and those patients are standardised, if you like. In order to deal with the fact that some patients are much sicker than others, they're adjusted for the level of complexity. Victoria introduced that system quite a long time ago and has probably benefited as a result of having a much more rigorous funding system focused on the actual activity that hospitals do, rather than simply bringing a truckload of money to the front door of the hospital at the beginning of the year and then getting your annual report back at the end of the year.

PAUL AUSTIN: So Victoria was the first with case mix funding, have the others followed?

HAL SWERISSEN: A number of states have got a variance of case mix funding and there's now a national authority that produces what's called the "efficient price", which is an Orwellian term that basically means that effectively when you average out across all of the hospital systems and you look at all of the different patient types that are coming in you generate an average price which hospitals should be able to do the work for and then you adjust that, depending on the complexity of the patient that's coming in. Some states have adopted that in full and others are still working their way towards that.

PAUL AUSTIN: Is there a direct correlation, those who are further down that track have better results in terms of hospital care?

HAL SWERISSEN: It's not a direct correlation, Paul, but the indications are that having a funding system which drives performance is associated with better efficiency. The problem is that states vary in terms of the geography they've got, the histories they've got and so on, and there are other factors which actually impinge on what goes on.

PAUL AUSTIN: Hal, you mentioned avoidable mortality rates. What's an avoidable death and what do we see when we look at that measure?

HAL SWERISSEN: Avoidable deaths are deaths which are essentially from illnesses which could've been prevented, so diabetes-related deaths, some cancer-related deaths etc. and the worse your outcomes are on avoidable mortality, the more those deaths could've been prevented by changes in the way that you, for example, deal with tobacco, alcohol, diet and so on.

PAUL AUSTIN: Which states are doing better and which are doing worse on that pretty fundamental measure?

HAL SWERISSEN: There's a huge variation across the states in terms of avoidable mortality rates. In a sense, what we're keen to see is that states adopt policies which start to introduce preventative measures. So what we tend to do in Australia is focus heavily on treatment in hospitals and we have much less effort on community-based prevention programs to deal with these things in a systematic way. So we're pretty keen to see prevention programs being introduced and that's, I guess, a fundamental recommendation that we would see coming forward out of the Orange Book for Ministers to think about.

PAUL AUSTIN: The question is do prevention and education programs work in health, because I assume we're talking about a bit more than an ad on the TV and a pamphlet in the GP's waiting room?

HAL SWERISSEN: If you go back to the '50s and '60s there was an epidemic of heart disease and many of you will know that one of the major reasons for that was because about 50% or 60% of the population were smoking at the time. There's been a very significant decline in cardiovascular mortality over the last two generations and one of the major reasons that's occurred is because smoking rates have dropped dramatically over that period of time. So that's a good example of where you get preventable mortality. The other area where we've had enormous impact has been on road trauma where we've put a huge effort in to improving cars, roads, drink-driving, speeding, seatbelts and so on, and that's seen the rate per capita of road mortality go down dramatically. They're just two examples of where prevention programs make a huge difference. At the moment probably our major issues, and Grattan's had a go at some of this, are things like diet and we've done a report on sugar tax, so reducing the extent of free sugar in the diet. That relates to obesity. The other big area where there are gains to be made is in alcohol and there are still gains to be made in tobacco.

PAUL AUSTIN: You mentioned waiting times, which are a huge bugbear of state governments and citizens as well. We're talking about waiting lists not just for hospital surgical procedures, but the so-called dental delay which is really huge in this country. What can be done?

HAL SWERISSEN: Just to pick up on dental delay, for those of you who are concerned about the missing bit of the Australian healthcare system, it is still dentistry and oral health. While the majority of services are paid for by government, in the case of oral health most of the cost is paid for by individuals,

so if you're poor then you end up not being able to afford that care. The waiting times for dentistry often exceed six months and for a significant proportion of people they exceed a year, so you can't get in to see a dentist through public dental services because there's no capability. In fact, public dental services can only probably provide services for about 20% of the people who are eligible for them.

PAUL AUSTIN: And you're saying some people are waiting more than a year?

HAL SWERISSEN: Yes, some people are waiting for more than a year. Some of you watch the ABC health programs and you'll have seen recently the program on dental care where the three year old goes in for dental care and had I think it was six teeth removed under general anaesthetic because of the sugar in the diet and that was through the public dental system. So there's an example where prevention operates. Many people who are on low incomes can't get access to dental care because there aren't enough services. In terms of waiting times, obviously one of the things we think that should happen is the Commonwealth should consider taking over responsibility for dental care, at least for low income people.

PAUL AUSTIN: Right.

HAL SWERISSEN: And for hospitals, where we have waiting times which are often around a month for elective surgery, we think that the approach of using funding systems along the lines of the Victorian funding system to drive performance is a very good way of creating incentives for people to reduce the waiting times that are there for particularly what's called elective surgery. If any of you are unfortunate enough to have a serious accident on the way home you'll get into Emergency straight away, there won't be a wait, Victorian public hospitals are terrific in that respect, but if you need a knee replacement or a hip replacement in a public hospital you can often have a substantial waiting period. One of the ways of dealing with that is to create funding incentives to ensure that you manage your hospitals effectively so that you get people in as quickly as possible.

PAUL AUSTIN: So Hal, you're sitting next to our Budget Policy Fellow Brendan and I'm sure that Brendan would like me to ask you this: we're all in favour of reduced waiting lists, but does this require a lot more money? Are we talking about a lot more funding in the health system?

HAL SWERISSEN: Well, there are obviously funding constraints. In the '60s health costs in Australia were about 4% of GDP, now they're around 10% of GDP and continue to grow. Essentially you get a more expensive healthcare system in countries which are more affluent. Australia is a very affluent country so we have more healthcare than some other countries have. The growth rates in healthcare generally exceed inflation as a rule. This is essentially a choice that the community has as to what it wants to see funded or not funded. The job of the people who run health systems and people like us, who provide advice, is that that funding is as efficiently spent as possible for the best possible outcomes.

PAUL AUSTIN: I'll come back to you later on, Hal, no doubt, but I want to move onto Guy now. Guy is our Energy Policy Fellow. Guy, it seems to me as though energy policy is a bit of a mess in Australia these days. Successive federal governments have been unable to come up with a coherent or consistent policy regime. Am I right that the feds have basically failed on energy and can the states save us?

GUY DUNDAS: I think that's a pretty fair summary, Paul.



PAUL AUSTIN: Thank you.

GUY DUNDAS: And without giving everyone here the blow-by-blow - ten years of energy policy is quite a painful experience to go through - just recently you'll probably recall the federal government changed Prime Minister, changed Energy Minister and, at that same time, abandoned their policy to reduce emissions, which was formally going to be part of a policy called the National Energy Guarantee. At the same time, you had the energy industry crying out for a stable policy framework in which they can make large investment decisions to deliver new supply, so we really think there's an opportunity for the states to step up and fill that policy vacuum.

PAUL AUSTIN: Alright, so let's go through the so-called energy policy trifecta of reliability, affordability and sustainability. What can the states do on reliability to ensure that when I flick the switch the lights will come on?

GUY DUNDAS: In terms of reliability, what the federal government and the states are currently working on is the reliability limb of the National Energy Guarantee which is an important signal for the retailers, so the companies that supply you with energy, to make sure they have enough firm dispatchable generation that will be there on a hot summer afternoon where maybe the windfarms aren't operating and the sun's setting to supply the system reliably at that time. So in terms of reliability, the states and the federal government are working constructively together. The vacuum is really around emissions and, as I'm sure we'll discuss, there are some issues around how people address the current high prices that consumers are paying.

PAUL AUSTIN: Let's go to prices first, so affordability. Can you or the states reduce my power bill please?

GUY DUNDAS: Just as a context, the way the energy system is run is a mix of federal and state legislation and some governments have some levers, some governments have other levers and some levers are shared. So there's, if you like, no single person - Angus Taylor or your local Energy Minister can't really come along and address all of the issues in the supply chain; there's a whole lot of work that needs to happen across the different elements of the power supply system. I'd also say it's not a trivial task. Probably the core element is investment and, as I mentioned before, investors are looking for that stable framework in which to make investment. That's really important to bring new supply into the system and bring prices down but, having said that, there are some things that state governments can do and that's what we focused on as part of the Orange Book.

PAUL AUSTIN: Such as?

GUY DUNDAS: I'll focus firstly on retail pricing. There's been a bunch of work done on this and Grattan itself did a report and found that the margins that your retailer is charging you as part of the process of managing your electricity supply is higher than in other industries and higher than in the UK electricity industry, for example.

PAUL AUSTIN: A lot higher?

GUY DUNDAS: A lot higher. Around that time the Victorian Government initiated a review into its own regulatory arrangements, the Thwaites Review led by former Deputy Premier John Thwaites, and, more

recently, the ACCC has done a review that looks at the whole eastern seaboard energy market and looked at retail issues as part of that. I'll focus maybe on the Victorian issues, given we're in Melbourne.

PAUL AUSTIN: Please.

GUY DUNDAS: The Thwaites Review recommended a range of things. Probably the two that are worth discussing, one is about helping consumers make comparisons and certainly our research, the Thwaites Review research and the ACCC research all pretty consistently point to the finding that consumers are confused and are having trouble getting on the best deal.

PAUL AUSTIN: Who's confused? I'm confused.

GUY DUNDAS: I'm confused. We're all confused. So there's no shame in that, but certainly the feeling is that there's an opportunity for policymakers to make it easier for consumers. An issue is that retailers will come out and will pitch you this discount, "Oh, 25% off, 30% off, 40% off" but they all do it off a different basis, so actually when you look at the numbers there's no clear relationship between what you actually end up paying and what this headline discount is. That's highly confusing and customers have started to disengage from this practice and I think they're, rightly, a bit cynical about it. So what the Victorian process is doing is actually banning the use of these, if you like, unanchored or generic discounts and they're going to provide tailored information to you on your bill about what the best offer for you is that your retailer can provide.

PAUL AUSTIN: And are you confident that'll work? Because I quite like a discount, Guy.

GUY DUNDAS: Well, as we said before, the research shows that there's no clear relationship between the discount and what you actually end up paying, so 40% off a very high price is worse than 0% off a low price.

PAUL AUSTIN: Yes. Now, perhaps the big question in energy: emissions, sustainability, cutting greenhouse gas emissions. The feds, am I right, have basically abandoned this field? What can the states do?

GUY DUNDAS: The federal government has abandoned the field, if you like, and the state governments are doing quite a lot, depending on what state you're in. For example, both the Queensland and Victorian Governments have quite ambitious renewable energy targets (RETs). Victorian Labor has actually extended that target as part of this current election campaign to 50% renewables by 2030, that's the same as the Queensland target, 50% by 2030. But New South Wales doesn't have a target and what we're seeing is we've got these unco-ordinated unilateral state by state targets.

PAUL AUSTIN: We need some leadership.

GUY DUNDAS: We do and the federal government's not providing it, so we feel there's an opportunity for the states to actually work together to provide a co-ordinated regime that would be more efficient and lower cost for everyone. So the way to think about it is why would you put all your new renewable generation in Queensland and Victoria? There are obviously also good resources in New South Wales and, if you're thinking about meeting a nationwide emission reduction target, great resources in Western Australia. So doing it state by state doesn't make sense, however there's nothing stopping the states

from getting together and effectively pooling their ambition and agreeing a common regime that would, in the absence of federal government leadership, give that framework, that target for reducing emissions that the market is crying out for.

PAUL AUSTIN: Okay. So last one on renewables, there's a great big bus driving around Victoria at the moment Guy, it's called the "Daniel Andrews' Electioneering Bus" and it's got a couple of big policy slogans on it. One of them talks about more public money for rooftop solar panels. More solar Guy, this has got to be a good thing doesn't it?

GUY DUNDAS: Well, more solar is right. So we're talking \$1.2 billion which would subsidise around 650,000 installations, so that's about a quarter of all Victorian households.

PAUL AUSTIN: So Dan Andrews wants to give us \$1.2 billion?

GUY DUNDAS: That's right. So certainly that policy, if Victorian Labor is re-elected, will deliver more solar and the pitch that was made, the argument for it is that will bring people's power bills down. And it will, but as a trained economist I'm duty-bound to tell you that there's no such thing as a free lunch.

PAUL AUSTIN: Is that right?

GUY DUNDAS: I'm sorry to pull out the cliché, but I have to say that and it's very apt in this case. All we're really doing is transferring money from your taxpayer pocket to your electricity consumer pocket.

PAUL AUSTIN: Right.

GUY DUNDAS: So this is not a great public policy framework, it's not a great use of public money. Obviously taxes have stopped people from doing things we want them to do, like run profitable businesses and earn money and so on, so we don't want to be paying through our taxes for people to put solar on their roofs and in a lot of cases, people would've done it anyway. In most cases, these systems would've paid for themselves, so as a general rule subsidising people to do what they would've done anyway is not great public policy.

PAUL AUSTIN: Okay. So I said that was the last one for you, but there's one more, of course. Again, with particular pertinence here in Victoria, gas exploration. Am I right, Guy, that at the moment gas exploration is basically banned in this state and is that the right policy?

GUY DUNDAS: Yes and no. So yes, that's the policy and no, it's not the right policy.

PAUL AUSTIN: Why not?

GUY DUNDAS: So just to set the context, what we've seen over the last couple of years is a large increase in gas prices. That's been largely driven by the ramp up of exports out of Queensland and it's also been not helped in Victoria by the decline of our established gas fields out there in the Bass Strait. So that's not a great context in which to ban all exploration of new gas resources and, in this case, the Victorian state policy covers all the onshore area of Victoria. Obviously people have concerns about the implications of gas exploration and production and that's legitimate, but a moratorium, which is what we have now, is a very blunt instrument to achieve that outcome. We think a move towards a case-by-case



approvals process that looks at the merits and the risks of different projects is a much more refined instrument and could unlock onshore gas reserves and bring that into a market that's really crying out for new gas. So we're seeing manufacturers that are facing really high gas prices and facing impacts from that and obviously you at home will probably have a gas bill, it feeds into that and it also feeds into your electricity bill because gas is an important fuel for electricity generation.

PAUL AUSTIN: Okay, thanks Guy. So the states are important in energy policy, but the states are preeminent in schools' policy. I want to bring Julie in here. Julie, you make the point in the Orange Book about the importance of measuring a student's progress through school, not just a student's achievement at a point in time. So just explain for us that distinction and why it's so important.

JULIE SONNEMANN: Sure. Often there's a lot of focus on achievement in reporting, but student progress measures growth from one point to the next and is a better measure because it better isolates out the contribution of a school to student learning from other factors, such as the home influence on the students, which is more caught up when you look at achievement results. Student progress gives us a better sense on which schools are truly adding value and if you look at progress between different states and territories, then that can give you a sense on which states might have better schools policies in place that are better supporting schools to add to student learning.

PAUL AUSTIN: Okay. So you've teased us a bit there. You've actually done the work and looked at student progress records over recent years across the states and territories of Australia. What are the differences and which state does best?

JULIE SONNEMANN: Our recent report looks at student growth using NAPLAN data and looking at the same students and their progress through schools over time, which is what NAPLAN was actually set up for, to do that type of longitudinal analysis, but actually there hasn't been that much on it in terms of looking at growth rates. What we find is that there are differences between states and territories, they're of the order of about 10% to 15% growth differences between the best state and the worst state each year, which may not sound like a lot but when you think about students are at school for 13 years, that actually adds up over time. What we find are some surprising results. So the big states, like Victoria and New South Wales, are at about the national average in terms of student growth rates. Queensland at primary school in reading actually comes out really strongly; they're consistently above the national average.

PAUL AUSTIN: Queensland? That is surprising because - let me explain - am I not right in saying that ten years ago the first NAPLAN results put Queensland at the bottom of the league table? You're now telling me that in primary school in this measure of student progress, Queensland is at the top?

JULIE SONNEMANN: That's right and actually in 2008 I believe their car numberplates had the tagline "The smart state", so it was a little bit humiliating to be coming out last when the first -

PAUL AUSTIN: They can bring the numberplates back now.

JULIE SONNEMANN: That's right.

PAUL AUSTIN: So let's explore that a bit. What might be contributing to, firstly, that big turnaround in Queensland and to the fact you're telling us that Queensland is doing better than the rest at primary school? What might explain that?

JULIE SONNEMANN: What the data is telling us is that over a six year period Queensland is coming out consistently having growth rates above the national average, so whatever is driving those results has been in place since 2010 or before that. Our results can't explain why these things are happening, but in terms of looking at some of the policies there are a couple of obvious differences in Queensland in terms of schools. They have a much greater focus on internal assessment at secondary which means that teachers need to calibrate how they assess student work much more closely than what is done in other states and territories. Whether or not that's a better model at secondary, it just means that there are a lot more conversations going on between teachers about student work and student learning in a really granular way and when you look to the evidence base that is one of the key drivers of teacher quality and student outcomes. So that's one possibility. Another is that in Queensland they had some really targeted strategies on literacy and numeracy where they trained teachers in some of the evidence-based pedagogies that work. So it's worth going back to look at some evaluations of those programs to see whether they've been replicated elsewhere and had similar success there too.

PAUL AUSTIN: Queensland as a role model in education; let's have a look at it. Okay, that's the good news. Tell me the bad news, which state or territory is the worst-performing in Australia when we look at this measure of student progress?

JULIE SONNEMANN: Our results taken into account student background and it's actually the territory with the highest socioeconomic profile, the ACT, which would be surprising. Their raw achievement results are very high, but when you look at growth and you're comparing like-for-like schools the ACT consistently comes out below the national average at both primary and secondary in all the domain areas that we looked at.

PAUL AUSTIN: Yes, you've surprised me again.

JULIE SONNEMANN: That's right and it's the children of the public servants out there, so it's surprising that there's not more action. There have been a number of Auditor General reports on schools in the ACT that have looked at and drawn attention to a couple of issues at schools around teacher quality and the way that teachers aren't looking to student performance results in the classroom. So there are a couple of potential reasons, but we recommend much more investigation.

PAUL AUSTIN: Okay, so here's what we all really want to know. Tell me more about the performance of Victorian schools, primary and secondary.

JULIE SONNEMANN: I can do a comparison between Victoria and New South Wales, which is always the ultimate question.

PAUL AUSTIN: Please. Do we beat them?

JULIE SONNEMANN: On the whole, Victoria is at national average at primary and secondary, which might come as a bit of a shock, but Victoria does do a lot better for disadvantaged students, which to some degree may be less surprising because I think the state department has had a very strong ethos

of focusing on those that are more disadvantaged and having very targeted programs. I think Victoria was one of the first states to integrate needs-based funding into its funding formula, so there have been a number of reasons why that may be the case. New South Wales does a much better job though of stretching more advantaged students at the top and that's in government schools, so it's not just a case of private schools.

PAUL AUSTIN: Much better than Victoria at stretching the top students?

JULIE SONNEMANN: Much better than Victoria, yes, that's right. That's also, to some degree, not as surprising because they have much more policy focus on separating out some of the best students into separate classes and they have more selective schools, although selective schools weren't a key part of our analysis. But at primary they do have opportunity classes for gifted and talented students and they really train teachers in how to target and tailor material to those students, so it could be reflecting simply that.

PAUL AUSTIN: Okay, so on the face of it that sounds like a good thing, but to separate out the gifted and talented students has, does it not, ramifications for the rest?

JULIE SONNEMANN: That's right and I think it's really interesting that if you look at Victoria, which doesn't have a policy of separating out, we do much better, arguably, at the bottom end. So there are trade-offs and I think it's an ethical question as to how you handle that at a policy level.

PAUL AUSTIN: So the theme seems to emerge again that no one state is perfect, but each can learn from the others. More broadly, Julie, what are some of the other big challenges facing our education system?

JULIE SONNEMANN: I think the key reform priorities for each state and territory, we've made a number of recommendations and the main recommendations are around teaching and learning. The quality of the teacher and the teaching in the classroom has the biggest impact on student outcomes.

PAUL AUSTIN: How do we lift the quality of teaching?

JULIE SONNEMANN: There are many things that could be done. I think a key one is around workforce reform and looking at the work of teachers. When you look at other professions, like nursing, doctors and the way they're trained, there's a lot of on-the-job training, there's time for that, there's a hierarchy and you learn from the most experienced in their field, profession and specialisation. That just isn't the case in teaching today. A lot of professional development has either been offsite or it's been very open and collaborative in the school. I think if you look at some of the high-performing school education systems, they have a really different way of working. They have much more leadership of the guts of teaching not just within the school, but across schools. So they have leaders of subject areas really integrating what's going on in the teaching of specific subjects, looking at the content and concepts and how well they're taught, and then training teachers on the job so that they have lower teaching workloads and more time to actually refine and get feedback on what they're doing.

PAUL AUSTIN: When you talk about these high-performing education systems and nations, what are some of the nations that we're talking about?

JULIE SONNEMANN: In particular, if we look at some of the East Asian systems. Singapore and Shanghai have that particular way of working. Obviously there are a lot of cultural differences and it's not just a case of picking up another country's policy and inserting it elsewhere, but I think in Australia there's been a real drift away from the importance of subject expertise and what does expertise actually entail.

PAUL AUSTIN: So you have a particular recommendation, which I found very interesting, that Australia should create a category called "master teachers". What's a master teacher and why would that be of benefit?

JULIE SONNEMANN: A master teacher, a core part of their role is to develop other teachers and they are subject-specific, so you'd have a master teacher for maths or science, and they work across schools. Their job is to investigate and understand what are the key issues in teaching maths, how well are the current curriculum resources working, what's the feedback from teachers, and really through a cascading system of mentoring they would then lead some of the subject-specific professional development for teachers across schools. At the moment, particularly in Victoria, we have a really devolved model of schooling, so everything is at the individual school level and there's been a real loss of a system leadership of the profession across schools. So that's a distinction.

PAUL AUSTIN: My last one for you Julie at the moment relates to early childhood development. I know this is going to be the subject of considerable Grattan work in future, but you do make reference to the importance of early childhood development in the Orange Book. Why is that important?

JULIE SONNEMANN: There are some academics that will say look at where a child is at by the age of eight and they will never recover. What our analysis is showing is that the gaps are there when students reach school but actually the gaps widen throughout school, so there's a lot more that schools could be doing. But it does show the importance of trying to really minimise that gap by the time kids reach school and there's a lot of evidence about the importance of early childhood, there's a lot that could be done to lift the quality of early childhood, as well as to expand the access to disadvantaged young children that we know stand to benefit the most.

PAUL AUSTIN: Thanks Julie. Now Hugh, I've left you to last deliberately because I found the chapter in the Orange Book on transport and cities particularly interesting. Before I ask you a question though, I want to ask for a show of hands from the audience, if I may, on congestion on the roads in Melbourne. Hands up those of you who think your commute to work has got more congested and takes longer these days than it did about, say, five years ago. A few and a few more. Who thinks Melbourne generally is getting more congested? And keep your hands up if you're really annoyed about congestion on our roads.

HUGH BATROUNEY: That all makes sense to me, Paul.

PAUL AUSTIN: Okay Hugh, you've actually done the numbers, you've done the work on congestion not just in Melbourne, but also in Sydney and elsewhere. Tell me what you found about congestion in the roads in Melbourne.

HUGH BATROUNEY: There are two parts to this answer, there's both the state of congestion and there's also the state of how long it takes people to travel to work and how far they're travelling to get to work, and in some way they're obviously connected but I think we should talk about them separately.

So congestion, we did some work that used Google Maps data to think about the scale of the problem and, interestingly, we found that if you look at journeys to work across the city there is this phenomenon where the average commuter is actually not taking that much longer to travel at peak hour than they would travelling in the middle of the night. So you're looking at increments of around two to five minutes to travel to work in peak hour compared to how long it would take to travel that trip late at night, but obviously the story is different in different places. So this is where we read this stuff in the media all the time and there are some routes, there are some trips, there are some journeys to work that have much, much longer time penalties. Interestingly, not perhaps the way people may have their imagination captured in the sense that on average some of the worst routes you're looking at trips that take twice as long as they would take in the middle of the night, for example, not as people might dream up, "Oh, it takes me four times/five times as long". There are very extreme, very occasional things that do happen and tend to stick in people's minds obviously and that contribute to the sense that there is a big problem, and we do not deny that in certain places at certain times of the day cities like Melbourne and Sydney, for example, do have a problem with congestion.

PAUL AUSTIN: Okay, but generally you find that perhaps things aren't quite bad as we might think?

HUGH BATROUNEY: Yes.

PAUL AUSTIN: In fact, you say that Melbourne is coping rather well with this population boom that the city is going through. Why do you say that?

HUGH BATROUNEY: We say Melburnians are coping reasonably well. When we look at the data that exists about how long people are taking to travel to work and how far they're travelling to work, the data exists and is good. The sample sizes are not such that it's the end of the story, but you can corroborate it from several different angles and we do not see huge blowouts in how long people are spending travelling to work. Certain points in the distribution yes, there is a bit of movement, but it's not an across-the-board thing, it's certainly not what you would read in the media about with "shock horror" kind of reporting, which we all read all the time. In fact, even beyond the analysis that we've done, I saw only a couple of weeks ago the Australasian Automobile Association published some work that was great, they did this time series work, so that's part of the story that doesn't exist for travel times.

PAUL AUSTIN: Hard to miss that work, I saw it all over the front page of The Herald Sun.

HUGH BATROUNEY: Yes and the reporting literally was traffic chaos, but the numbers make it very hard to support that. They talked about on average over a five year period a five kilometre trip in Sydney becoming nine seconds longer and in Melbourne, which was the worst of the lot, 24 seconds, most of which was in the most recent years that they collected data for, so there was a lot of stability and then there was this 24 second blowout. And I'm actually not trying to trivialise it because I think that's an average and in certain places at certain times of the day it's worse, has gotten worse, and we're in the midst of a lot of construction activity, public infrastructure is being built and we see it around the corner, and that's disruptive and has made journey times for a lot of people unreliable and longer.



PAUL AUSTIN: Okay, but you talk a lot in the Orange Book about individual adaptations to population growth. Tell me more about that, what do you mean by individuals adapting?

HUGH BATROUNEY: By that we are referring to the fact that we do see quite a lot of stability in journeys to work in terms of times and distance and we're seeing that in the face of the very, very rapid population growth that we've had in Melbourne in particular, but in cities all around the country. We see this stability, so what we did is we looked at what's going on underneath the surface and you do see a lot of adaption, people changing the mode of travel they take to get to work, people choosing to work from home. In doing all of this we're not saying is it good or bad, we're not trying to say that everybody is okay because clearly people make decisions that perhaps they'd be better off if they didn't make the decision to work from home, for example, but in general, overall, we do see this stability. The other part of that is that we see it in the face of not having added a heap of new public transport infrastructure over the period that we looked at and yet seeing the stability. So obviously there's a lot that's coming, but there's a lot that is not here yet.

PAUL AUSTIN: But you are upfront about the fact that there are big problem areas with regard to congestion and you have some recommendations for whoever forms the next government in Victoria and, in particular, you're calling for a congestion tax or charge in central Melbourne. Why is that necessary and how might that work?

HUGH BATROUNEY: We're calling for it because in and around central Melbourne is where we do see some of the worst congestion. That's not to say it is the worst because you do see isolated parts of the network that become congested at peak hour, but in terms of the one area that is consistently bad it is the central Melbourne CBD and inner suburbs. We also know that in areas around here it is very, very expensive to add new capacity, so what we're proposing is that state governments need to be thinking very hard about how to design congestion charges as part of a suite of options. So we're not saying build no more new roads, we're not saying do no other policies, but thinking about the way people pay to use roads could be a very effective way to bring down congestion.

PAUL AUSTIN: Okay. I can feel some questions brewing from the audience, but I just want to return to Brendan briefly. Brendan, one of the big recommendations of the Orange Book is an end to stamp duty. You want it abolished. Why?

BRENDAN COATES: That's right. Stamp duty is essentially the worst tax that state governments levy today.

PAUL AUSTIN: I agree.

BRENDAN COATES: Well, you might not agree after you hear my suggested alternative. Essentially, stamp duties affect how much people move around the city, whether they can live in the kind of housing they would like to live in, whether you'll sell a house and buy a new one and pay stamp duty again in order to take a new job on the other side of the city. So they tend to be the most economically costly taxes that we can think of and also they're quite unfair because they tend to hit those that move more often. There are lots of reasons why you might want to tax some people more on the others on the basis of income or wealth, but the fact that you want to move more often seems like a really strange one to choose to tax people more on.

PAUL AUSTIN: But stamp duty is one of the big revenue streams for State Treasurers, so, before I get too excited about this abolition, what do you want to change or replace it with?

BRENDAN COATES: I think this is where the proposition becomes slightly less popular for a lot of people and a lot of radio shock-jocks, for example. What we want to do is gradually phase out stamp duty and replace it with a broad-based land tax that would apply in a similar way to council rates to essentially all property that is owned in the state of Victoria or the state of New South Wales. You're talking about rates in Melbourne at a level of about \$7 for every \$1,000 of land value, so for the average house that might be somewhere like \$1,000. That's obviously a lot of money. It's clearly a lot less than paying an average of \$40,000 on stamp duty for the average house, but essentially the reason we want to do this is because it's much more economically efficient tax. It doesn't affect incentives to work, save and invest, so people would more easily be able to move around the city. You wouldn't see so many people renovating their houses rather than just selling up and buying the one next door that might have the extra bedroom and living room that they need. It would also probably be fairer because it would mean that everyone who is a homeowner would be paying that tax in support of the revenues that are needed to fund the state.

PAUL AUSTIN: Alright, so you talk about fairness. I think you also want to include the family home within this tax regime Brendan, is that right?

BRENDAN COATES: Yes, that's right. Council rates, which are something that any homeowner will pay and I'll declare my interest, I am a homeowner, this would apply to me too as it would apply to a lot of people in this room. What it would mean is that everyone, including those that are living in their own house, would be paying this tax. The issue with the existing state land taxes is they only really apply to investment property, which is a minority so you're not raising very much revenue if you're using that tax base to replace stamp duty therefore you want to use a broad-based levy that's based off the council rates base which includes the family home.

PAUL AUSTIN: Okay, enough from me. There's plenty to discuss and debate, so now it's over to you, the audience. If you'd like to ask a question, now's your chance, so please raise your hand.

AUDIENCE: I haven't read the Orange Book yet, but from the conversations this evening I'd like to ask for your comment on the suggestion that if, as a matter of policy, you were to encourage the introduction of electric vehicles for city transport, then this would have the dual benefit of reducing emissions and also improving the health of the people who live and work in the city.

PAUL AUSTIN: Guy, I'm going to throw that one to you. I don't know that electric vehicles get a mention in the Orange Book, but they surely have a lot of attraction?

GUY DUNDAS: No, we didn't discuss that directly in the Orange Book. I think as a matter of just simple observation yes, if you did have a fleet of electric vehicles running around the city instead of internal combustion engines it would certainly improve air quality in the city and in fact you see some cities in Europe that are banning or moving towards banning internal combustion engines in central areas of the city that are more sensitive to local air pollution. But it's not clear to me exactly whether we're talking about a public transport policy or a taxi fleet. In terms of a state government policy, I'm not aware that's

on the table, but certainly as an environmental policy some municipalities and potentially state governments could look at that as an environmental measure.

PAUL AUSTIN: Thank you. We'll just briefly go back to the questioner who's clearly not satisfied with Guy's response.

AUDIENCE: I asked for the implication of the health benefits too as a win-win situation, not just environmental emissions.

PAUL AUSTIN: Hal?

HAL SWERISSEN: I haven't looked at the detail on the impact that electric vehicles might have. The reality is that emissions standards in cars which have an impact on health have been dramatically improved over the last 30 or 40 years. So I suspect the reality is that there would be marginal health benefits in Australia because of the already dramatically reduced emission standards which have impacted on air quality, as opposed to CO<sub>2</sub>.

PAUL AUSTIN: Thanks Hal.

AUDIENCE: My understanding is that Australians bought 1.1 million new vehicles a year for the last few years and the best figure I can get is that we scrap between 500,000 and 600,000, which means we're adding at least 500,000 vehicles a year. Put that over ten years and that's 5 million more vehicles on the road. How does this tie in with the perception that congestion is minimally deteriorating?

PAUL AUSTIN: Hugh, do you know whether those figures are roughly correct?

HAL SWERISSEN: I don't. They sound very large to me, but I don't know the exact answer. I guess new vehicles in the fleet or not, I think what we see is that congestion is what it is. It's a problem in some areas, it's not such a problem in other areas, and it's a problem in areas where it's very hard to add capacity. To the extent those numbers are true, we should continue to be worried about the amount of capacity we have relative to the demand for using roads and we should be looking at solutions that can help us address that as directly as possible, and congestion charging would be one of those.

AUDIENCE: I was interested in hearing more about whether state governments have any levers to manage population growth, particularly in cities. In the Victorian context, we've got a proposed Minister for Decentralisation, so I'm interested in your thoughts on that.

PAUL AUSTIN: A really hot button question which I'm going to direct to Brendan.

BRENDAN COATES: Yes, there are a lot of levers that state governments can use. Hugh's talked about some of the transport infrastructure side and how maybe you don't need that much extra transport infrastructure if you have more people because we can use the existing system more efficiently, but housing is an area where population growth is clearly having an impact. Whether you like it or not, if we add more demand to the housing market and don't allow enough supply to be built then house prices and rents will be higher than they would be otherwise. I think one of the issues we've had in our major cities, particularly Sydney and Melbourne, over the last decade or so is that still, despite the number of

apartment buildings you're seeing going up around the city, we're not building that much more density of housing in the inner and middle ring suburbs of our cities.

So Melbourne's doing a lot in the CBD, will do a lot in Fishermen's Bend soon enough and has done quite a bit at Docklands, but once you head two, three kilometres out of the city centre you get to pretty low density housing very quickly, two storey terraces and the like. What we could do is make it a lot easier to build more housing and to subdivide to build townhouses and medium density apartment buildings in those parts of the city and that would make a big difference. The idea that you can actually push a whole bunch of people to the bush is something that Australian governments have been trying for more than a hundred years and hasn't really been all that successful; our cities have become more urbanised than ever. I don't think that would probably be a very effective strategy, a) because people probably won't go and b) if you did get them to go, it's hard to know what they're going to do in the regions because the employment opportunities aren't the same there, which is why so many people come to the cities.

AUDIENCE: We see a very strong fiscal imbalance between the Commonwealth and the states and obviously that limits the opportunities for the states to innovate. The collapsing stamp duty revenue as of the last few weeks is obviously a threat to the state government, but does the panel favour GST on education and health?

PAUL AUSTIN: You can start this one Brendan, but then I will ask about extending GST.

BRENDAN COATES: One of the things I didn't mention in the stamp duty discussion before was that it's also a very volatile tax. Stamp duty is a particularly bad tax for state government revenues because it goes up and down with both property prices and the amount of transactions there are, and those two things tend to move together. So I think the Victorian and New South Wales Governments do have a problem where they will find their budget revenues are lower than they forecast and that's going to be an issue. There are various ways that state governments can raise more money and a lot more of them are actually within their control than I think they often realise.

PAUL AUSTIN: Such as?

BRENDAN COATES: Well, property taxation is the most obvious one where you can actually raise quite substantial amounts of money because the property tax base is enormous. The Australian housing market is worth something close to \$7 trillion. It's worth a bit less than it was a year ago and that's probably a good thing for housing affordability, but you can certainly raise a lot of money there. Grattan's written before that you could look at extending the GST and broadening it out to other areas. That's not a report that I'll admit that I published at Grattan. I'm pretty sure that we did look at extending it into some of these other areas, but if our schools or our health policy experts would like to disagree with me they're welcome.

PAUL AUSTIN: Hal, any case for extending GST?

HAL SWERISSEN: I'm going to dodge the question. I think the question really is about vertical fiscal imbalance and adequacy of state revenues for meeting their costs of delivery. That is an issue which should be addressed. Vertical fiscal imbalance tends to produce all sorts of odd arrangements and GST is essentially a state tax, as you know, so the states would have to all agree about changing the rules

for the tax arrangements. So the question of whether it should be extended to health and education is a matter for the Premiers and Prime Minister to sort through, but vertical fiscal imbalance is certainly a distortion on what happens at state level. So states that are poor can't afford their services and have to wait for the Commonwealth to actually deliver the funding, which is I think the point of your question. What's the best mechanism for achieving that? One of Brendan's suggestions in terms of the land tax is a pretty good one, it's a broad-based tax which doesn't fluctuate dramatically in terms of the arrangements that stamp duties do in terms of the housing market. So the short version is yes, I think vertical fiscal imbalance should be addressed.

PAUL AUSTIN: Thanks Hal.

AUDIENCE: A question to Guy. In your benchmarking amongst the various states and bearing in mind the spread of renewable resources is perhaps pretty widespread and will become more widespread as distinct from localised, such as current major power sources are in the Latrobe Valley and other states are similar. With the disparate locations of the windfarms and solar farms, did you benchmark how well the states are planning to upgrade their transmission networks to better connect these distributed sources of energy back to where the base of the core demands are, because the core demands, say, in Victoria are pretty much focused around Melbourne and surrounding cities, but a lot of the sources of renewable energy will be further afield where the networks are not strongly connected. Did you look at that and compare the states' performance in upgrading their transmission networks?

PAUL AUSTIN: Key question, Guy, about this transformation in our energy system.

GUY DUNDAS: The short answer is no, we didn't benchmark the states on that. In terms of how those decisions are made, it's made through a national regulatory framework and really the levers are held by a national body called the Australian Energy Regulator that looks at where the transmission upgrades are required. But in terms of addressing the context of your question, I think it's definitely fair to say it's an issue and in fact that's a good reason to have that co-ordinated approach across the states that we were talking about. If we were trying to shove all the renewables into Victoria and Queensland and there's spare capacity in New South Wales and then we're madly upgrading the grid in Victoria, that doesn't make a lot of sense. So yes, it's an issue and I think, depending on who you talk to, different people have a view about how likely those constraints are to bind, but certainly it's an issue and I think certainly that's an argument for having as broad a system for distributing that new generation as possible so that it can go where the resource is good and where there's the transmission connection.

PAUL AUSTIN: Thank you, Guy.

AUDIENCE: Another question to Guy. You mentioned the state government as part of the election campaign are going to spend \$1.2 billion on rooftop solar. Did your research indicate that this is the best use of taxpayers' money, considering it's going to squeeze some other sectors?

PAUL AUSTIN: Over to you, Guy.

GUY DUNDAS: Thanks Paul. We didn't consider what you could do with \$1.2 billion and I think the short answer is a lot of things. I'd be very happy to open it up to Hal or Julie if they have any great projects that could make our children better educated or give us better teeth and better health but, as I said before, as a general rule subsidising people to do something that's in their own private financial



interest is a terrible use of taxpayers' money. So pretty much any use of \$1.2 billion is going to be better than that solar policy.

PAUL AUSTIN: Thank you, Guy.

AUDIENCE: This is on decentralisation and I guess transport. It's not something I can speak much on, but is the concept of garden cities as you can see around London in the Home Counties something that's been given much consideration here? Does it have merit in other places and could it be a way with high speed rail to decentralise the population and stimulate declining economic centres, such as the Latrobe Valley?

PAUL AUSTIN: Good question for Hugh. So not just garden cities, but satellite cities and employment centres around the suburbs of the capital cities. Hugh?

HUGH BATROUNEY: Yes, I'll talk to the latter because I'm not quite clear on the definition of a garden city, but assuming that they are like a satellite city. I think there's a very strong case, and Brendan might even talk to the same point with regards to housing affordability, because connecting the regions to the big cities is a great opportunity to allow people to live somewhere that is affordable. The question is how good are the links and how much does it cost to build them? I think the reality is that in a lot of cases it can cost a hell of a lot of money. So the question is whether it's worth it and I think it's a case-by-case arrangement and perhaps the greatest opportunities sit in places where there is existing infrastructure that needs to be upgraded, rather than brand new infrastructure that needs to be built and land acquired to do that. So I don't know, I think it's a bit of a softly, softly answer. I think the answer is yes, but subject to doing the analysis needed to know that we're not overspending on something.

That kind of goes to another point that we raise in the Orange Book which is that evaluations are not always done before decisions are made and that's a big problem and evaluations are certainly not done after projects are built, so we don't learn from experience, so that's another big problem.

PAUL AUSTIN: Ladies and gentlemen, we're just about out of time but before I let the panel go I'm going to ask a final question myself. It's not a trick question, but it is to all of you perhaps in reverse order, starting with Hugh. Each of you has now been heavily involved in producing this important book which is basically a survey of ten years of policy performance of the state governments of Australia. My question is, at the end of this process how do you feel about Australia? Are we well-governed and should we be glad to live here? Hugh?

HUGH BATROUNEY: I think the answer is undoubtedly yes. I mean, I think by global standards we have got brilliant governance. Our jobs and the reports we write are all about finding the problems, so you've come to the right people to get a negative message, but I think the reality is probably largely the opposite. I would add to that though that there are certainly things that can be done. Guy has talked about no free lunch, but there are some things that are pretty inexpensive lunches, like doing evaluations before you make big investments, doing evaluations of your evaluations to work out if what you spent has been spent well and learn from experience. There are lots of little things, but I think broadly I'm giving a very optimistic answer to that.

PAUL AUSTIN: Julie, are you an optimist?

JULIE SONNEMANN: I am, with a “but”. In terms of school education, I think there’s a lot that we have to be proud of in terms of the values that we see in our schooling system, but just on that I do think when you look at Australia’s system compared to overseas we do value whole child development and it’s not just a narrow focus on the academics. Having said that, I do think perhaps the pendulum has swung a little bit too far and I think there’s a bit of complacency there. When you look to international standards we have dropped not just in relative terms but in absolute terms in terms of our international standing in schooling, and I think if we keep going down that path then we won’t be competitive in the future.

PAUL AUSTIN: Interesting. Guy?

GUY DUNDAS: Paul, it’s hard to be an optimist after watching ten years of energy policy debate in Australia and yet I am. I think you asked are we well-governed. I mean, policymakers at both levels, the federal and state levels of government, haven’t covered themselves in glory over the past ten years, but despite all that I feel like there are reasons to be optimistic and really we’re trying to reduce emissions and keep electricity and energy affordable. I think Australia has amazing renewable resources and the moment that the debate starts to reflect that reality and we have a more optimistic take on that and start to gear our policy debate towards taking that opportunity, rather than the sort of culture wars debate about how to get there and about prices and reliability and so on, I think the moment we wrap our head around that we’ll be able to unlock that opportunity and I think on the back of that there’s every reason to be optimistic.

PAUL AUSTIN: Hal, this is not a bad place to get sick is it?

HAL SWERISSEN: No, it’s not a bad place to get sick, but it depends a bit on who you are. Australia on average has a good health system, but it is the case that people who are on low incomes or who live in regional places do much worse than most of you do, who live in metropolitan cities and who are relatively affluent and well-educated. So it’s very important that we do things like the Orange Book where you can see the relative differences. The takeaway message for me from the Orange Book is looking at the variation across the states, across the regions and across the different areas, and what you can learn by doing that. So there are significant improvements which are possible in Australia and I won’t go through them again. So it’s a good place to live, but we can do better.

PAUL AUSTIN: Thanks Hal. Brendan, sum up for us.

BRENDAN COATES: I think it’s worth giving a plug to state governments, because I think it’s often seen as the boring part of government in Australia. It’s certainly the part of politics that’s less covered, even though, as we’ve heard tonight, it’s much more important for health and education than I think most things the Commonwealth would do. Guy’s got his work cut out on energy and we all wish him well on that over the course of the next decade, but I think what it shows is that all these things really matter to the lives of Australians. As Hal said, the variations are really instructive of the fact that some states are doing things that really work and some states are not and they can learn from those that are. So it requires a combination of good planning and good evidence-based research evaluating what we’re doing and then also a sense of ambition both on behalf of state government bureaucrats, the government, our political leaders and us as a polity. So I think when you’re going to look at voting in the

state elections you should have front of mind that state governments really matter and your vote will really make a difference to the public policy outcomes that we can see.

PAUL AUSTIN: Thank you Brendan, Hal, Guy, Julie and Hugh. Just before we finish, ladies and gentlemen, can I please say a few very quick thankyou's? I want to thank the staff of the State Library. The Library is one of the things that makes this such a great city and it's a real privilege for Grattan Institute to have such a close and enduring partnership with the State Library of Victoria. I want to thank Megan French, who is the Grattan Institute's events guru. It's Megan who made tonight happen, so thanks to her. Thanks to you, our audience, for your interest, engagement and questions. Please keep in touch with the Grattan Institute through our website - you can read the Orange Book in full there and, indeed, you can read ten years of Grattan reports on our website, it's all for free - and keep a look out for future *Policy Pitch* events here at the State Library. Finally, would you please join me in thanking the stars of tonight's show, the Grattan panel? Thank you and goodnight.

END OF RECORDING