

Pre-election policy frenzy is not the worst of it

Kathy Spencer

A frenzied release of policies in the run up to an election is a time-honoured tradition, and we are certainly seeing that now.

The policies are a mixed bag, with some based more on their popular appeal than on evidence.

But unfortunately, the ability to develop good policy and successfully implement it, has been lacking for some time.

Since 2018, a lot of time and money has been spent on working groups that developed policy advice for the Government, only to have much of it discarded.

It is hard to excuse this wasteful activity given that the people on the groups were chosen by the government of the day and included former Labour luminaries like Sir Michael Cullen and Heather Simpson as chairs.

If a government doesn't take advice from its own hand-picked former colleagues, after specifically asking them for it, what on earth was the point?

The Tax Working Group, headed by former Labour Deputy PM and Minister of Finance, Sir Michael Cullen, produced a very thorough and well-considered piece of advice.

The Group, or a majority of it, recommended "a broad extension of the taxation of capital gains" and backed it up with details on how that should be done.

But the government simply failed to make the case to the public that the existing system is unfair and should be changed, despite the fact that all the evidence it needed was right there in the Group's report.

Things went from bad to worse when Hipkins proudly announced, like Jacinda Ardern before him, that no such changes would be introduced on his watch.

Another example was the Welfare Expert Advisory Group, chaired by Cindy Kiro before she became our Governor-General. The Group produced a comprehensive, well-researched piece of advice, with 42 key recommendations.

A handful of these were adopted in part soon after the report's release in 2019. But more than 4 years later, a stocktake showed that none of the key recommendations had been fully implemented.

While some working groups produced very credible advice, this wasn't always the case.

For example, there was the group set up to consider an income insurance scheme, comprising Business NZ, the Council of Trade Unions, and MBIE. The group told us that the benefit system was not delivering to people who lost jobs through redundancy, a health condition or disability.

Yet it did not even consider how the benefit system could be changed to deliver additional support, or take the advice that had already been offered by the Welfare Expert Advisory Group.

Instead, it proposed an entirely new, expensive, and poorly-targeted scheme to be funded by levies and administered by ACC.

When the proposed scheme's shortcomings were pointed-out in submissions, that advice was ignored.

In the end, Chris Hipkins threw it on the policy bonfire. Good riddance, in my view, but what a waste of time and money.

The 'Cost of Living Payment' was another example of a poorly thought-out policy. Inland Revenue was supposed to make automatic payments of \$350 to those earning under \$70,000 and not on a benefit.

However, for around 440,000 of those eligible, Inland Revenue had no bank account details, so couldn't pay them as intended – an entirely predictable failure of implementation.

It's clear I'm not alone in thinking that Labour's promise to remove GST from fruit and vegetables is one of the worst bits of policy-making we have seen for some time.

It flies in the face of all expert advice and contradicts earlier statements by both Hipkins and Robertson that it's a bad idea. The Tax Working Group had also recommended against removing GST from particular products because such measures are complex, poorly targeted and involve large compliance costs.

The income tax and benefit systems offer much better ways to deliver support to low-income people facing rising prices.

Finally, for some of its initiatives, the Government has struggled to make progress because the policies were poorly explained, or not explained at all.

The failure to communicate effectively about co-governance has been particularly damaging.

When there was no clear explanation of what co-governance would mean in practice, people made their own unfavourable assumptions, and the issue became far more divisive than it needed to be.

Then there was the confusion and push-back over the algorithm used to determine priority for surgery. We were told this "took account of" or "factored in" ethnicity. But how exactly?

How would you know what to think about a policy that is described in such vague terms? Some examples could have been given to illustrate precisely how ethnicity would impact on whether and when a person would be treated.

Better still, share the algorithm.

We need much better policy-making from whoever leads the next government. How good would it be to see policies that are underpinned by evidence and expert advice, clearly explained, and thought all the way through to their successful implementation.

Kathy Spencer was a Deputy Director-General in the Ministry of Health, a General Manager in ACC, and a Tax Manager in the Treasury.