

# The Australian

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## Faulkner, Tanner fell short of lofty aims

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### **THE ministers were a part of the Rudd government's lack of transparency, says Henry Ergas.**

NO comets overflowed Canberra on the night of June 23, but it is reasonable to suppose that the plotting that precipitated the downfall of Kevin Rudd caused some disturbance among the heavenly bodies, for within days, two of the government's most senior members, Finance Minister Lindsay Tanner and Defence Minister John Faulkner, had announced they would serve only until the election.

Rudd's ousting was all the more remarkable for the collective silence that followed it. His colleagues seemed unable to laud the man who, whatever his defects, had guided them to the promised land. In contrast, each subsequent resignation provided an occasion for encomiums usually reserved for the greatest men of state.

Of course, the kind words had an element of well-intentioned exaggeration that is conventional on occasions such as these: doubtless, the memoirs will, in time, provide assessments that are franker and more rounded. That is not to suggest that Tanner and Faulkner are anything other than men of great ability and strength of character, or to deny their significance to our political history. It is important, however, to assess the outcomes they achieved in their ministerial roles, not as a judgment on them but as an element in understanding the Rudd government and its consequences.

In substantial respects, those achievements fall well short of satisfactory.

Tanner's failures are the more striking. This is not so much a question of the blowout in public expenditure. It may well be that no finance minister could have held the line against the determination of the prime minister to boost spending in the face of a global economic downturn. But even accepting that public expenditure would rise sharply, the finance minister is, or should be, the guardian of the integrity of public spending, the relentless advocate of value for money, and the scourge of poorly conceived and ineptly executed programs.

Whether Tanner tried to carry out this role, history will tell. I believe he did. But what is clear is that no matter how sincere his efforts, they failed. Of course, to some degree, that fate awaits even the finest and most fortunate of finance ministers, for the forces of temptation are nowhere more overwhelming than in spending other people's money. But it is difficult to find any period in Australian history when there have been more badly flawed spending programs: pink batts, green loans, computers in schools, the Building the Education Revolution program and the subsidies to the car industry are all cases in point, and others will surely come to light.

Moreover, the flaws were hardly difficult to spot, and were pointed out, both within the bureaucracy and by commentators, as soon as the programs were announced. At least in public, however, Tanner stoutly defended the indefensible, dismissing any difficulties with an insouciance reminiscent of Lenin's famous description of his regime's errors as "froth on the tidal wave of history".

That was, of course, Tanner's right, and at least to some extent, his duty, all the more so as a member of the inner circle which took the decisions that are now so widely criticised. But what gives rise to the greatest concerns is the weakening of the policy and program evaluation disciplines that, at least in principle, had been endorsed by successive governments.

The failure to carry out any form of cost-benefit appraisal of the national broadband network was bad enough: what made it worse was the Finance Minister - who has the responsibility within our system of government for ensuring proper scrutiny of proposed expenditure - flaunting the absence of that appraisal as a virtue. How could assurances of the importance the government attaches to project appraisal be taken at face value once public spending on an unprecedented scale had been committed on the basis of analyses of unprecedented shallowness?

Nor does it end there. Shortly before his resignation, the Finance Minister announced, with scant publicity and less consultation, substantial modifications to the guidelines governing the preparation of regulation impact statements (the required assessments of the costs and benefits of proposed policy initiatives). Those modifications allow a RIS to recommend an option that does not generate the greatest net benefit for the community. This substantially lowers the hurdle for regulatory change, including by permitting decision-

makers to examine only those options they deem worthy of consideration, rather than also evaluating likely superior approaches.

The risks this creates have been compounded by an endemic lack of transparency. Ensuring transparency was at the heart of the goals Faulkner set at the outset of this government; but if anything, the past three years have seen less disclosure than those that preceded them. The refusal to release the modelling on which the Carbon Pollution Reduction Scheme was based; the refusal to release the details of the spending on the BER; the refusal to release the cost-benefit studies underpinning the infrastructure spending from the Building Australia fund; the refusal to release the costings for the NBN, the workings of the implementation study and the heads of agreement with Telstra; the refusal to release a like-for-like comparison between the initial super-profits tax and the newly announced minerals resource rent tax: the list goes on and on, and touches virtually every major initiative taken in recent years. To this must be added failure to reform campaign funding and, more egregiously, the government's flouting of its own guidelines on taxpayer funding of political advertising.

This is not to disparage Faulkner's efforts at Defence: by all reports, he is an effective minister, and the strategic reform process which he championed has the potential to bring lasting efficiency gains.

But ultimately, his cause was that of increased openness and accountability in government. Set against that goal, the situation has got worse rather than better.

Here, then, is these ministers' troubled legacy: a precipitous decline in the quality of public expenditure; a weakening in the safeguards on which that quality relies; and a blanket of secrecy over key decisions, further compromising the effectiveness of public policy. Yet Faulkner and Tanner would surely be the first to accept that the more governments hide from their citizens, the less they can claim to have those citizens' consent for how they rule.

It is the hallmark of failed structures that they are less than the sum of their parts. What Tanner and Faulkner might have achieved in another administration is impossible to tell. But men of such stature are hardly the victims of forces they cannot control; rather, they authored their fate, as the many tributes to their influence attest. It is in terms of that fate, and the serious weaknesses it leaves in our public administration, that the task they leave their successors must be measured.

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