



Case Study 3

Nick Greiner

This is an interview with the Hon. Nick Greiner AC, former premier of New South Wales, conducted by CEDA in May 2013. An excerpt of this interview was published in CEDA's publication *Setting Public Policy*.

The Hon. Nick Greiner was Premier and Treasurer of New South Wales from 1988 to 1992. Since his retirement from politics he has been heavily involved in the corporate world as chairman of several large companies and as the deputy chairman and director of others.

Do you agree with CEDA members that there has been a decline in the quality of public policy debate in Australia?

Nick Greiner: Absolutely, but it is a universal phenomenon, not just limited to Australia.

I think the reasons are due to the changing nature of the media cycle, the nature of social media and its pervasiveness, the use of public opinion polling, all of that sort of thing. It is made even more difficult in Australia because of relative absence of think tanks and the independent, objective or otherwise, institutions who see their role not as lobby groups, but as promoting particular reform ideals.

I think it's worth noting that it's not an Australian phenomenon, and I think it's very hard to identify anything that's specific to Australia that's different from the UK or anywhere else. Other than, perhaps, the number of players, because of our small size, dedicated to promoting reform of different ideas, wherever they may be on the ideological spectrum.

How has the media cycle damaged the nature of quality public policy debate?

Nick Greiner: I think it means that it's much harder. Everything's more immediate, so you tend to get issues cut off. The normal media advice in Australia is, don't give an issue any oxygen, don't encourage or allow a debate, just kill it. That is what tends to happen. The motivation is that if an issue is not quickly killed it can run away from you, both by the media and by social media.

There is no longer an opportunity to develop an idea or argument. What's lacking is time.

We've also strengthened the political parties in Australia recently. The capacity for individual members of Parliament to advocate positions separate from their parties is extraordinarily limited. This limits the success of conviction politicians.

You do not find those who come with a clearly developed view as to what ought to happen, or what they want to do. It tends to be far more reactive, far more responsive to reviews and enquiries and the issues of the day rather than originating from the leader.

Could you expand on the idea that all vested interests can bring to bear their arguments?

Nick Greiner: The vested interests have a clear view and they have an instant view, because they know where they're coming from. It's the age old thing that occurs with most reforms that the beneficiaries are often not clear because they're widespread, whereas the vested interests, who might be being attacked in various ways, tend to know immediately and clearly what their position is. The average householder doesn't have anywhere near that sense of urgency, or knowledge of the issues. So I think, in some ways, the issue is fairly straightforward.

Could you comment on the capacity of individuals to influence the debate?

Nick Greiner: We've also strengthened the political parties in Australia. Now the capacity for individual members of parliament to advocate positions separate from their parties is extraordinarily limited.

I guess that is a point of difference too, because if you're in America, you can advocate whatever you like, whether it's the Republican Party's view or not. Even in the UK, in the House of Commons, there is a greater capacity to advocate a personal position.

If you go back to Australia in the 1980s, the Bert Kelly, and John Hyde, and people like that, you don't see any counterparts to them at the moment. I think the tyranny of the party system has become stronger in Australia in the 21st century.

And the strength of those political parties is something that's changed in the political landscape?

Nick Greiner: Yes, both the strength and the willingness to take on reform. Bob Hawke once said at a CEDA lunch, always in his life, there were, if he looked around the world, there were leaders, national, or indeed, provincial, state leaders around the world, there were always some who were conviction politicians, who had a clear cut philosophical or policy point of view.

You look around the world today, and other than the marginal groups, who may have a Mr or Ms Le Pen in France but in the mainstream, you don't find any conviction leaders. You do not find those who come with a clearly developed view as to what ought to happen, or what they want to do. It tends to be far more reactive, far more responsive to reviews and enquiries rather than originating from the leader.

Was there any particular style or approach to leadership that you adopted when you stepped into the role of Premier of NSW?

Nick Greiner: Probably the wrong one. I had a clear view, a series of policies that broadly cascaded down from a view of state government as being about business and wanting to run things in a rational business like way.

My tenure was a little unusual in that it wasn't on the back of a crisis. The normal change management advice is that people don't like change. They need to understand why change, significant change, is necessary or appropriate. Therefore it is easier if you come in after an absolute crisis.

So it's the Rahm Emanuel comment about never waste a good crisis. If you don't have a good crisis, you need to create the imperative for change. And, of course, I did that by the Commission of Audit, because while New South Wales wasn't a basket case, it wasn't doing brilliantly, but it wasn't anything like Victoria a few years later.

You do need to create the imperative for change and that's why, of course, you would hope that in the present, state of crisis around the world, really, the western world, that, people would utilise that because it is simply easier to get a receptive audience if you can tie it to the resolution of a crisis that everyone understands exists.

And how do you create that understanding?

Nick Greiner: Well, I did it independently, in a sense. Since 1988, almost every new government in Australia has had a Commission of Audit. I think every state has had one and I think the Commonwealth has had one or two, so that, obviously, is one way, to get an objective group of outsiders with no particular political baggage to do it. And usually you get them to run ahead of public opinion.

They tend to take a purist view whereas the politicians inevitably take a more real politick view. It's the old Neville Wran line, I'm going to cut off your arm and your leg, so when he only cuts off the arm, everyone says, thank you very much. In a sense there's a bit of that, not to be too cynical.

In a sense, the problem with this sort of work you're doing is that it varies a bit from issue to issue, but you can't assume that you will easily get a receptive audience, because it depends much on either who the beneficiaries are, or on an obvious moral imperative.

It's easier if you're dealing with a new area. If you're dealing with an existing area, which is mostly what you're doing, of course, it is much harder, because, it's not always so clear who the beneficiaries are and why. Often the beneficiaries are broadly based, and the people who have real or perceived losers, they are quite

specific and they self-identify themselves very easily.

How do you go about ensuring that the beneficiaries understand what you're doing?

Nick Greiner: That is difficult. Part of the problem is that we tend to start off with a view that some things are self-evident. You really need to start with the outcomes and work backwards. We tend not to do that because the people in the process are in the process, so they're more interested in the process. If they are interested in tax reform, well, the question is, why do you have tax reform? It's not just so some people will have an extra dollar in their pay packet, although that may be a reason at a certain point in time. So I think you need a real outcome focus and then work back.

The NDIS, or DisabilityCare as it is now called, is an excellent example, but it has the advantage that it was filling a vacuum. So there wasn't really a need to demonstrate a need .

So the NDIS is an easy example, but the outcome is that every person in Australia, if they happen to have a catastrophic accident, will be looked after and, by and large, everyone thinks that's a good thing. It's a good thing that no victim of an accident should not be able to be looked after. If you start from the outcome, you can then have innumerable arguments about how do you fund it, is it federal or state, or whatever, but if you get agreement on the outcome, then working backwards is a lot easier.

If you don't get agreement and a buy in on the outcome, then you just get buried in the usual vested interest, whether they're levels of government, lobby groups, interest groups, old people, young people, whatever it may be. So I think that's the paramount thing.

I tried to do education reform long ago and some of it's quite similar to things that Julia Gillard did as education minister and the states are doing; devolution and local control, results orientation, not a producer orientation.

I think one of the failures of my government and my minister and myself was we allowed the teachers' unions and the parents to coalesce as though they had a common interest. The truth was that they had separate interests and that, the parents were interested in the quality of the education, the teachers' unions, in significant part, were interested in preserving class sizes, or preserving pay, lack of assessment, lack of lifetime tenure.

So I think you need to separate out and do a good job of stakeholder management. I think I didn't always, and certainly in that education case, I didn't.

How would you go about doing that?

Nick Greiner: I think change management at a corporate level, which is now quite a sophisticated activity, probably is a useful lead. It is not easy for governments as the capacity to execute, or the length of time, is not conducive as it is in the corporate world.

That is interesting as, historically, the majority of change management programs have failed.

Nick Greiner: Yes, I think they're a little better now because they do a much better job of dissecting, identifying the stakeholders and getting appropriate champions. So change often comes from the group rather than being done to people.

It's obviously a lot easier if people call for it themselves. There is, I think, quite some, well, science may be overstating it, but some science of change management happening, but in all fairness, if you're trying to change a big bank, you can sort of do it in your own time. You, by and large, have time to identify everyone's interests and to work out how you deal with everyone's legitimate interests and who might be the champions other than the people actually driving the change. And, you know, clearly, it's very helpful to have independent champions who people feel are dispassionate and credible.

It's harder in government except if you have a clear problem. If you're in Spain and there's 25 per cent unemployment, then doing something is acceptable. Even if people aren't confident, they know the status quo is unacceptable.

The difficulty is that in a country like Australia, the status quo's not unacceptable, it's just not optimal. And I think that's the fundamental problem, that our situation is not too bad. The lucky country syndrome.

I think that's the framework within which there is reform fatigue in Australia, because you're backing against a perception that things really aren't too bad.

People say, "Gee, if we hadn't avoided the GFC, it might have been easier for subsequent governments". But because we avoided the GFC when no country, by and large, except Norway, did, makes it harder. It reinforces the lucky country syndrome, that we're bullet-proof.

We've still got, today, five point something per cent unemployment, which is full employment. So when someone talks about productivity, economic growth, a sort of normal micro-economic reform, why is the reform programme stalled, the sort of things behind what you're doing, people say, "Well I don't really know what that's all about, but gee, things aren't that bad". And they even managed to convert cash rates into a positive, when, of course, it's actually a negative. I mean, it's actually only 2.75 per cent because the reserve bank is scared out of its wits about where the economy's going, but to the public, well, it's a good thing.

You talked about engaging champions from within stakeholder groups. Have you had experiences where you were managed to do that, or you've seen that done best?

Nick Greiner: I have to say, in my time, one of my weaknesses was I just did what I thought was right. I suppose you could say it's why I got a gong for public sector reform. I was young and inexperienced, no experience really, in government. I'd only been in the parliament for a couple of years and I was 35 when I became opposition leader.

So I think I, broadly, was an example of what you shouldn't do, which was sort of heroic leadership in terms of leadership styles. It was sort of like, "follow me, we're going to privatise GIO".

I don't think it turned out to be an absolutely, wonderfully correct prescient thing to do, but I took the view that there were things that you could not win before you did them and, therefore, you should do them and let the results speak for themselves.

I think in practice that was not the best view, although it did lead to more things happening in a short time period. And the criticism you get of governments today is, because things don't happen in a short time period, they also offend less. I think the general climate of rapid change is gone.

Anyway, I don't immediately have an answer as to what was a reform of mine where I had good stakeholder management because, frankly, I tended not to worry about it. I tended to do it because it was rationally correct.

I, in fact, made a speech before I was elected, it was a Sir Edmund Barton lecture about the public interest versus sectional interest. I believed in that, but I was aware that trying to get public interest arguments through is pretty tough. I mean, if you look at the GST when it came in, I think Howard lost 19 seats, even though there would be not one expert who didn't think it was the correct approach.

I think the fact that reformist governments in Australia, which is what you're focusing on, have tended to have short timeframes. The Kennett government had an absolute crisis to overcome and then acted strongly, expeditiously, and on a rational assessment, successfully, yet it got voted out after two terms.

My government was voted out, the Liberal government that I brought in was voted out after two terms. Wayne Goss was voted out after two terms, he was a reasonably progressive state leader.

The Whitlam government was, obviously, voted out after two terms, and John Howard went very close in 1998 to losing. So I think part of the difficulty is that politicians are very retentive about what's happened. And everyone remembers John Hewson, and, broadly, I would say most people on the centre right think his manifesto was fantastic, and he fantastically lost the 'unlosable' election.

I think that's part of the real difficulty is that the track record of reformist governments, I think it's true in other places, as well, the track record of reformist governments is that they tend to have shorter lifespans. And I was never personally too worried about that. And while I, in fact, left earlier than I wanted to, I had a date for departure which was only six years in. So I think it's like CEOs, to some extent, some leaders are better for short, sharp shocks to a system, others are better for other circumstances. It's like batsmen in a cricket team, or whatever, they don't all play the same way, and so it depends on the circumstances and what you're trying to achieve.

Can we discuss the concept of the electoral mandate?

Nick Greiner: It is interesting that at the moment the mandate has had a revival. A lot of the governments today in Australia have a very clear view that they want to keep every promise and that they don't accept John Keynes' argument that, you know, when circumstances change, I change my mind.

So they now have a view, it's what Abbott's saying on tax reform, beyond a couple of things, it's what Mr O'Farrell and Mr Newman are saying about asset sales. It may be that if you go to the elections and say, I'm going to sell poles and wires and put the money into roads and schools, that's clearly successful. I think it is a lot easier to implement the change. What that does mean, of course, is that it takes, by definition, a lot longer. You may or may not lose some of your original political capital, so the interesting question is whether you should invest political capital or whether you should conserve it.

And there are differing views, they go to different styles of people, but it is interesting that the mandate seems to have had a revival in terms of a strict adherence to it, almost an over strict adherence. And I think that's fine. The problem tends to be that in the lead up to elections oppositions will say whatever they need to say in order to win. So they will rule out most forms of change because, they figure, it is subject to scare campaigns and so on. So they tend to rule it out, they tend to rule out any new tax. And then that's, of course, what's happened in the past, people have walked away from those.

Keating and others, and Howard, I think, have walked away from tax promises. Julia Gillard's obviously walked away from the carbon tax. I think we're in a period where maybe getting a mandate is the popular tactic for getting reform, but it does presume that reform is capable of explanation and that explanation doesn't preclude you from getting elected.

Is there any scope for that to potentially change? Can you see a first term government going into a second term and putting forward a reform program?

Nick Greiner: It's where these governments are all going. It's an interesting

phenomenon, because Newman, O'Farrell, Abbott. But I don't think that it's a particularly conservative centre right thing. All of these centre right parties, government or opposition, are all saying the same thing. I mean Abbott and Hockey are saying, we're going to have a white paper and we won't have any new tax reform until the second term.

Newman and O'Farrell are saying we won't recycle assets, even though there's a desperate need to do so, unless we get a mandate at an election. So I think that is one way. It's not been the traditional way of doing it because it does mean it takes a long time, by definition.

What is your view on processes like white papers and green papers?

Nick Greiner: I don't think it's a bad concept because it may give you some space.

It appeals to the notion of, sort of, space and time, I mean political space and time, and it gives you some distance, it gives the politicians some distance from the recommendations.

Someone on the opposition may try to say, well you're about to, I don't know, close every embassy, but you generally have the greater opportunity. I actually think that's not a bad process, and other countries do that more than we do. And, of course, businesses do it. I mean, private equity businesses have a very disciplined green, white, pink paper approach. I think there's some merit in that. I don't think I ever did it but the idea has merit.