

# Good policy needs good data. So why is it being kept locked up?

**Governance**  
**Crunching official data helps evaluate policies. Potential embarrassment is the wrong reason to keep it under wraps.**



Robert Breunig



Warwick McKibbin

As the engines of economic growth slow, there is a need for innovative policy changes to both raise economic growth and to improve the wellbeing of Australia more generally. Design of good policy depends on a solid foundation of good data.

A workshop at ANU convened by the Centre for Applied Macroeconomic Analysis (CAMA), the Centre of Excellence in Population Aging Research (CEPAR) and the ANU Tax and Transfer Policy Institute explored this issue in great depth.

Governments hold vast banks of administrative data which if mobilised, can be a potent force for policy development. In the hands of non-political quality research institutions, this data can fundamentally change the quality of policy design.

It's not an outlandish proposition. Private companies routinely identify patterns from big data to pinpoint just about every conceivable aspect of consumer decisions.

In Australia, there is a reluctance to put government data to better use outside of government. This reluctance causes valuable lost opportunities.

Some examples are useful. Australian administrative data reveals small businesses did make new hires following reductions in company tax rates. This evidence flies in the face of surveys suggesting they would not.

And as the Australian automotive industry declined, data revealed that younger individuals laid off by Mitsubishi did better than those who stayed on with other auto companies in the late 2000s. Such insights help design and target

assistance programs. In the United States, a more pro-active approach called Opportunity Insights produces high-quality evidence about inequality, upward mobility and public policy. Top researchers given access to government administrative data sets generate insights about poverty and inequality that improve lives.

Making administrative data similarly accessible in Australia could dramatically and rapidly deepen our understanding of issues and of what and how policies are working.

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Analysis of administrative health data already benefits Australians. There needs to be a similar approach to childcare, education, employment, welfare, taxation and business assistance.

Why is it that Australia, unlike Denmark and other successful developed economies, makes little administrative data available to researchers? In part, it is because of reasonable concerns about privacy. These concerns can be mitigated through careful procedures, like de-identifying data and vetting research and researchers.

There is also a more problematic reason for the inaccessibility of administrative data in Australia. Engagement with the data by qualified and impartial researchers will likely reveal that many of Australia's public policies fail to meet their objectives. Such findings will embarrass governments and bureaucrats. But they would improve outcomes for all Australians by reallocating taxpayer funds to policies that work and reducing government waste.

Is it possible to have the analysis done by experts within the government without engaging the wider research community? Possibly, but there are reasons why this is a problem.

First, in-house analysis is expensive. Making administrative data available to researchers increases policy-relevant research at low cost. In Denmark, an explosion of quality research on tax, education, immigration and policy followed the sharing of government administrative data, with little or no financial burden on the Danish government.

Second, academic researchers are subject to more rigorous and accurate standards than government researchers. High-quality analysts employed by governments are often capable of excellent analysis, but the breadth of expertise in academia, the incentives academics face, and the scholarly process of peer review encourage high-quality work.

Third, bureaucratic analysis is not transparent. In the absence of public oversight, politicians and administrators can and will claim that programs are

working. Giving researchers access to administrative data provides a check on government.

Michael Barber famously established the 'Delivery Unit' for Tony Blair's UK government in the early 2000s. The unit, which required all facets of government to test the quality of policy implementation against the policy's stated aims, was extremely successful.

But politicians, bureaucrats and administrators soon learned to game the system. Sir Michael today advocates data outside a government's control as the best defence of good policy. And, if recent empirical evidence is correct and as much as 80 per cent of government interventions fail to achieve their outcomes, such data is the best defence against bad policy.

Transparent, crowd-sourced policy evaluation from the research community will raise awareness of how hard it is to design and implement effective policies.

We know Australians want better governance. Widespread access to the insights of administrative data will improve policy processes, with large and sustained benefits to Australian society.

*Robert Breunig is director of the Tax and Transfer Policy Institute at the Crawford School of Public Policy at The Australian National University. Warwick McKibbin AO is the director of the Centre for Applied Macroeconomic Analysis in the ANU Crawford School of Public Policy and director of Policy Engagement in the ARC Centre of Excellence in Population Aging Research.*

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