General discussion

After Session 2's emphasis on the practice of applying evidence to policy analysis, discussion focussed on the fundamental role of data access in triggering wider and better analysis, the potential for better use of academics' skills, and technical issues in cost-benefit analysis.

Data access

Reflecting on Grant Scobie's examples of how access to new data sets had enabled better New Zealand policy analysis, several participants noted that an advantage of freer access to data (which nevertheless met proper privacy protections) was that it broadened the ranks of analysts beyond public servants, whose analysis was often confidential to governments and who could not directly contribute to public analytical debate. Additional transparency, more sources of analysis and better checking of findings though replication would provide appropriate 'checks and balances' for government as well as strengthening the quality of analysis. Better access to data for academics, not-for-profit organisations, research bodies and economic consultancies, would help governments to best capitalise on the existing resource base.

Bruce Chapman noted the breakthrough for Australian analysis which had come with better Australian Bureau of Statistics pricing structures for academic institutions. Before that reform, Australian academics had to buy individual access to confidentialised record files of Australian data, and could do better work on UK, US and Canadian policy (because of free data access) than they could do on Australian policy (because of the high cost of access to data). As Jeffrey Smith put it, by making 'research data sets available to academics you'll get a big pile of free policy-relevant research — because that's what academics do'.

Another participant sounded a cautionary note against general appeals for more data, given that data collection is not costless — governments, businesses, individuals and community groups all pay a price in some form for providing data. Rather, she argued that governments should focus on collecting the right type of data to answer policy questions and make better use of the data they already collect.

Academics' role and Public Service interaction

The discussion touched on the role of public servants in evidence-based policy and, in particular, the challenge of providing independent, public advice that may conflict with a government's position. One participant asked whether this could be addressed in the public service code of conduct, with public servants having an obligation or right to publicly state their findings. Others thought this would be inappropriate.

Bruce Chapman and another participant observed that academics sought relevance for their work, and prized dialogue with governments and officials that could help shape a useful analytical agenda. Better liaison between bureaucrats and academics could improve the use of evidence to better inform policy.

Issues in Cost-Benefit Analysis

Jeffrey Smith noted that many cost-benefit analyses in North America generally did not address the issue that publicly-funded projects involved a cost greater than their net fiscal cost because of the excess burden of raising finance. (The cost of raising a dollar of tax revenue exceeds a dollar because of the cost of operating the transfer system and the distortionary nature of taxes.) He asked how Australian evaluators handle that issue. Henry Ergas responded that usually there was no attention to adjusting the net cost for the marginal social cost of raising funds, which in his view leads to serious errors in cost-benefit appraisal. His impression was that Australian cost-benefit analysis practice was inferior to practice in France or Finland, and suggested that as well as actually performing more publicly available cost-benefit analysis for major projects, it would be useful for the Australian Government to develop some guidance notes covering these technical issues.