TRANSCRIPT

Policy Decision-Making and Implementation

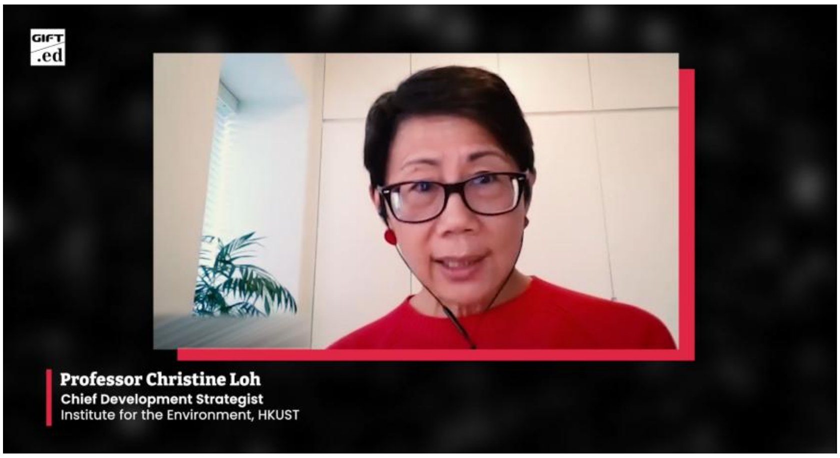
Rohan Hazell:

Decision-making at the governmental level has the potential to impact entire industries or segments of society.

Professor Christine Loh, Chief Development Strategist at Hong Kong University of Science and Technology's Institute for the Environment, walks us through how policymakers make decisions, and the motivations behind their actions.

She also introduces us to her own decision-making framework, developed during her time as a legislator in Hong Kong.

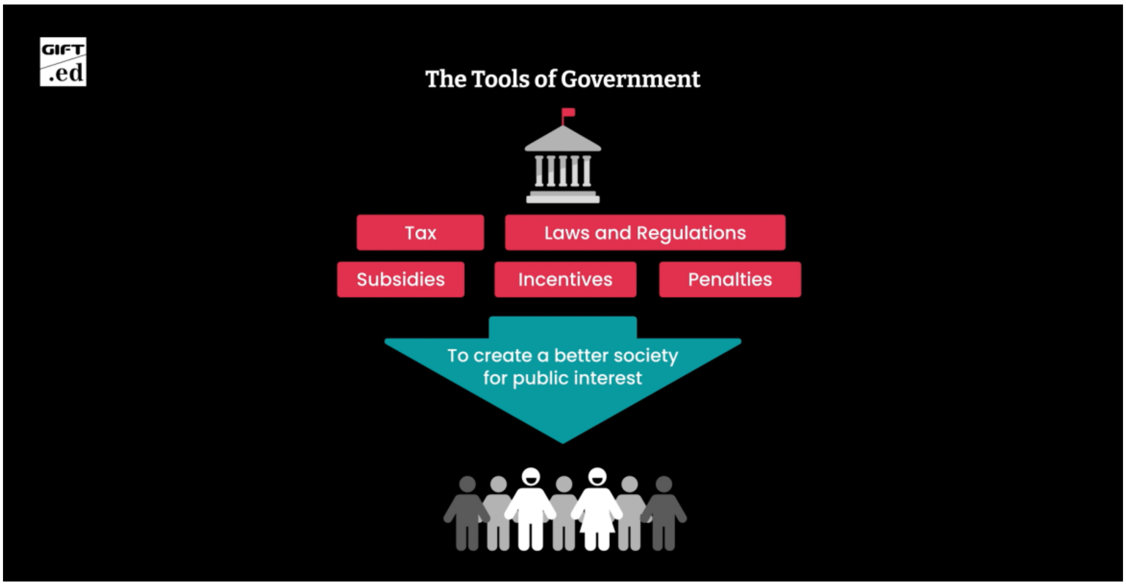
Professor Christine Loh:



When it comes to managing externalities, why should government take the lead?

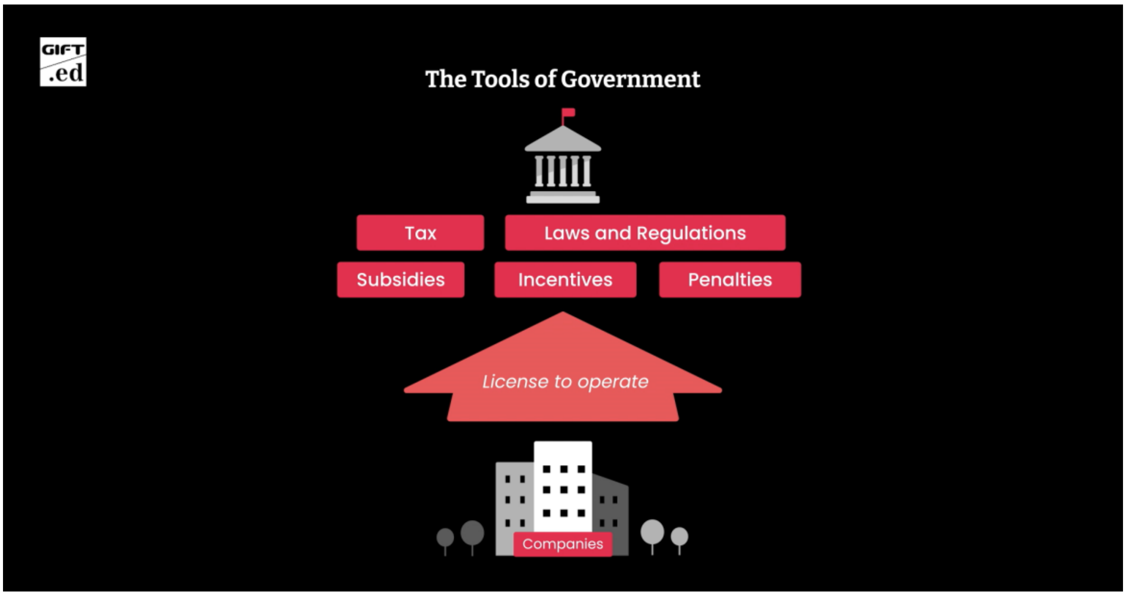
Government is a very special thing. Government has been empowered under whatever system that people have to act for the collective. Government is there to act for all of us, and therefore we expect the government to act in something we call the public interest. And the public interest is the interest of the whole, not of any specific segment of the community.

Now, obviously, if you are a company, a company does not have all the tools and the powers of government, and governments are there to provide regulation and codes and guidelines for society at large, and that's why I think government is very special because they have to understand what is the widest public interest.



They have a certain set of tools that no one else in society has, so they're able to tax people, they're able to pass laws that people have to obey. They can give subsidies and incentives and penalties. So, therefore, all these tools that governments have, they're there to create a better society, which is why government has to be clear about how they use these tools for the public interest.

Companies fall within the legal environment that these tools guide. So, the license to operate for a company is to understand what these rules are, and actually to perhaps do a little bit better, because for governments to pass laws and to regulate often it takes some time.



A responsible business will hopefully think about after complying with the law, what you do and how you do it, does it comply with the social, the societal expectation of what a good company would do? So, for example you are paying the minimum wage, but could you do better under certain circumstances? What kind of society are you in? What would provide a certain living standard for that society? And are you rewarding people at a level that your business can afford and that it's better for society?

The social license to operate requires companies to go beyond legal compliance

I think the idea of social license to operate actually is one bar up from mere legal compliance and generally it's an indication that a company that has the social license to operate from people. People generally feel quite good about that company because they regard that as a good and responsible company in their society.

There could be, let's say, a new idea in society, for example, to protect the environment, not to people pollute as much as they used to protect public health, for example, to protect biodiversity. Companies will have to obey these when laws are passed, but there is a period of time before new laws are in place.

This is why responsible companies would actually go above the legal compliance, but the role of government to guard the public interest is what we want our governments to do, and only they have the tools to reflect it and to protect society.

PIESCES: End-to-End Decision-making

Perhaps I can use an acronym that I used to kind of remind people. It's the astrological chart of PISCES.

‘P’ stands for priority. In any society we have to prioritise at any one time. And even for governments, governments are very large administrative bodies. You can only do so much at any one time. So every government must prioritise. We are talking about the environment, whether the environment is of a sufficiently high priority at any one time.

Then the second issue is ‘I’, interest. Politics very often is about how to deal with vested interest. People haven't had to do something for a long time, or they've been doing certain things for a long time. And the new idea is you mustn't do it anymore or you have to change your behaviour. So, dealing with vested interests is never easy in any society.

Then the first 'S' is solution. So, you understand what your problem is, you've prioritised it, and you're prepared to deal with a vested interest, but do you know what to do? So, it's very important to actually also think through what your solutions are and whether your solutions are implementable.

Then the first 'C' is cost. There's always a cost to everything. Can you afford that cost? Now, that cost, you can look at it from both ways. You know, can you do it? What does it need for it to be done? And if you didn't do it, what cost would there be to society?

So, that comes to the next alphabet 'E', which is equity, because we can look at cost from the minus, you know, because it costs you money. But the second one is really, well, what are the benefits? And do we truly understand the benefits? Because often, the benefits deal with social equity that you are creating a better society.

And the last 'S' is socialisation. What does socialisation mean? It means that, once you have an idea that you want to change something, even before you go and change the laws you have to socialise the idea.

If the government has a new idea, you have to deal with vested interests. You have to make sure you have the support of society and how do you do that? You have to socialise it within society, so you have public support.

You also have to socialise it within the bureaucracy because you need different parts of the bureaucracy to be able to implement and to enforce any new laws. So just remember PISCES, if you have to think through the question of well, why sometimes we are slow in doing new things.

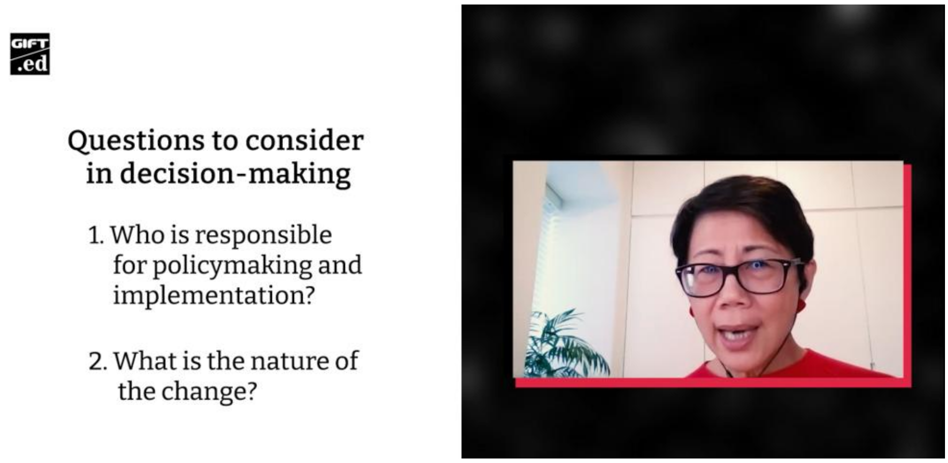
Priority	— What are the main priorities of the stakeholders involved?
Interest	— Who has a vested interest? How do you deal with them?
Solution	— What solutions are available to you?
Cost	— What are the associated costs? Can you afford them?
Equity	— What are the benefits to society, and do they outweigh the costs?
Socialisation	— How will you gain support and/or compliance?

“Stop Thinking Like Bureaucrats.”

Changing policies, first of all, within government requires you to make sure that the government bureaucracy itself agrees to the change, and you have to make sure that who will be responsible for making the policy and implementing the change. So, there's always an internal discussion about who has to do what.

And sometimes there are arguments within the government to say, “is it my, is it my bit of the government, or your bit of the government?” So, sometimes there's a bit of pushing to say, “well this new policy, who should be responsible for it?” So, this is the kind of internal bargaining that can take place.

Secondly, is it incremental? Or is it actually quite a major departure from the status quo? Obviously if it is something incremental, it's easier to do, it's easier to argue, maybe you just need to change a standard, to improve and tighten a standard and you just need to change the law a little bit. But if you actually want to go in a different direction, you do have to think about it.



For example, in waste management, if you previously did not charge people for waste, or if you didn't ask them that they have to separate the waste, then when you are asking them to actually do quite a lot of new things, that is a change in direction and that requires actually very extensive and skillful thinking through about how you're going to do it - the solutions of how you're going to do it, and is it going to work? So, there's a lot of testing.

This sometimes also delays the implementation, the rolling out of certain government policies. That's why sometimes even when people are prioritising certain policies like waste management, it takes actually some years to go from step one to step two, and then it might take another few years to go from step two to step three.

Now, when you also have to build infrastructure, and sometimes this infrastructure, for example, in climate adaptation, to make waste plants, these are all quite expensive. And then you have to look at a particular jurisdiction. How are they going to raise the money to do that? And can they invest in enough infrastructure to actually be able to implement a new directional change in policies?

Rohan Hazell:

Professor Loh has highlighted that policymakers must consider multiple trade-offs when making decisions.

They must factor in outcomes for different stakeholders and rally support for their policy choices before they can be properly implemented.

Whether you work in the public or private sector, it is important, therefore, to understand what drives decision-makers and how these factors can impact the possibilities for change.