

Commentary on Operations

Overview

In 2008-09 Grattan Institute focused on setting up its institutional foundations – governance, strategy-setting, and key Program Directors. In 2009-10 we started to contribute substantive policy research and ideas, as well as creating capabilities to communicate these effectively to policy makers, opinion leaders, and the public through the media, online, and presentations.

Program content

Each of the Programs outlined its topic areas, and began to make substantial contributions to public debate.

The **Cities** Program began by outlining what matters in cities. Its first Report, *The Cities We Need*, argued that the most important characteristic of a city is whether it meets the needs of its all its residents, both material and psychological. Despite the fact that these needs are central to our lives, they are often at the periphery of conversations about the future of Australian cities.

As outlined in its first Report, the Grattan Cities Program has three core concerns over the next year: how to improve decision-making arrangements in cities; improving city design for social interaction, and how to structure housing and development markets to align more closely with the future needs and desires of Australians.

The **Energy** Program focused on carbon pricing impacts and design. A major report calculated the impacts of a carbon price on the Australian economy, particularly for Emissions Intensive Trade Exposed industries that are often believed to be at significant risk of moving offshore if Australia imposes a carbon price. After analysing these industries at a plant-by-plant level it concluded that these fears are generally misplaced. This contributed a definitive fact-based account of the impact of carbon pricing on these industries, and responded to frequent claims in the Australian debate that carbon pricing would put many Australian producers at an unsustainable disadvantage.

On carbon pricing design, the Energy Program argued that a floor price for carbon would provide greater certainty for industry, effectively reducing the costs of adapting the economy to reduced carbon emissions.

Currently the Energy Program has work in progress looking at what governments should do beyond a carbon price to encourage low emissions electricity generation. It is undertaking research to understand how these justifications apply to various technologies given their current state of development. The Energy Program is also looking at the history of government programs in Australia to reduce carbon emissions, and assessing their effectiveness.

Through the work of our Senior Research Fellow, David Penington, Grattan Institute contributed to Australian **Health** debates, particularly about the appropriate relationship between hospitals, medical schools and primary care. He published in a variety of newspapers about the need for better arrangements for clinical governance to improve the quality of health care.

The **Productivity Growth** Program published speeches by Saul Eslake including the Shann Memorial Lecture to the University of Western Australia, the Economics Society Conference of Economists, the Australian Bureau of Statistics Natstats conference, and the Melbourne Institute's Economic and Social Outlook Conference.

Key themes have included:

- Winding back fiscal stimulus earlier as it became clear that the GFC was having a lesser effect on Australia than initially feared
- Structuring the Australian economy to cope with the long-term effects of a mining boom, particularly in building human capital for services and manufacturing that will be exportable even with a high Australian dollar
- Improving Australia's labour productivity so that living standards continue to improve despite the challenges of an ageing population,

The Productivity Growth Program's research underway examines the history of Australia's economic progress over the last few decades. It is trying to recognise patterns of economic improvement in different industries and different States, and looking to identify policies that might improve Australia's economic productivity and living standards.

The **School Education** Program published a report applauding the increased transparency of school results through MySchools, but calling for a shift towards measures of student progress over time rather than trying to measure achievement relative to expectations with attempts to adjust for background factors such as parental education. The Program also published a report calling for an improvement in how Australian teachers are evaluated, and how these evaluations feed into decisions about teacher management such as recognition, development, and promotion. It noted that Australian teachers themselves consider that teacher evaluation is inaccurate and does not influence important decisions – and Australia is one of the worst countries in the OECD on these measures.

Work underway in the School Education Program looks at teacher management, including the effectiveness of teacher training and development, teacher evaluation, and how evaluation affects career development.

The **Water** Program undertook research into both rural and urban water policy in Australia. Grattan Institute has wound back resources for the Program. The work completed found that Australian urban water policy is close to the cutting edge of thinking around the world, and as a result policy analysis requires substantial primary research beyond the resources of a think tank such as Grattan Institute. The work on rural water policy found the major policy issue over the next year or two will be around the appropriate division between irrigation and environmental water – where factual analysis can only partially guide a choice between conflicting values.

Communications infrastructure

A core part of Grattan Institute's work is contributing rigorous policy thinking to public debate. As Grattan Institute developed substantial policy analysis, it also built institutional capability to bring this thinking to a wider audience. This included building relationships with online, electronic and print media outlets, and systems to track reports through the media. Grattan Institute was mentioned 1,169 times over the year.

Grattan Institute developed the website on which all Grattan Institute material is posted, increasing its sophistication, and setting up reporting systems on web traffic. 13,774 unique visitors viewed 98,954 pages, downloading reports 9,254 times.

The mailing list grew to 5,004 people over the year, and these people are sent routine emails about Grattan Institute publications and events. Grattan Institute also built a basic presence on Facebook and Twitter to publicise reports and events, although these media currently serve relatively limited traffic.

Grattan Institute communicates directly to the public through speeches and public seminars. Over the year, Grattan Institute conducted 17 public seminars attended by 1,679 people, and facilitated this through building infrastructure to automate seminar invitations and acceptances. Podcasts and transcripts from most seminars are published on Grattan Institute's website.

Grattan Institute also aims to influence policy makers directly. Over the year, its staff have extended their professional networks to public sector officials, Ministers, and Shadow Ministers in all States. These and other stakeholders are routinely consulted for comment as Grattan Institute's work is in development, and the work is discussed with them once released publicly.

Staff

Grattan Institute began the year with six staff. Three new Program Directors were appointed from July 2009. Grattan Institute recruited a team of 7 researchers that work in a pool to assist the CEO and Program Directors to conduct and communicate

research. Nine interns worked for Grattan Institute over the year, contributing to its work, as well as gaining opportunities for development. Staff numbers continue to grow, although more slowly than in the initial appointment phase of 2009-10.

Physical infrastructure

Grattan Institute moved out to temporary premises in Cardigan Street in October 2009 while the University of Melbourne refitted premises at Malvina Place (just off Grattan Street, Carlton, within the University campus). With the support of architects Williams Boag and builders Pirotta Services, the 1941 warehouse was refitted to be a light and pleasant workplace, also compliant with University building standards. This building is already much-loved by Grattan Institute staff, and we expect that this will be Grattan Institute's home and business address for a number of years.

Major Reports

Grattan Institute published four major reports during the financial year. These reports were downloaded 9,254 times over the financial year from the website.

Cities

The Cities We Need

Author: Jane-Frances Kelly

Published: 28 June 2010

The most important characteristic of a city is whether it meets the needs of all its residents, both material and psychological. Despite the fact that these needs are central to our lives, they are often at the periphery of conversations about the future of Australian cities. Three core concerns for the Cities Program are: how to improve decision-making arrangements in cities; improving city design for social interaction, and how to structure housing and development markets to align more closely with the future needs and desires of Australians.

Energy

Restructuring the Australian Economy to Emit Less Carbon

Authors: John Daley and Tristan Edis

Published: 22 April 2010

Industry by industry analysis shows that an Australian carbon price will not result in widespread job losses or higher carbon emissions. Free permits proposed under the CPRS for energy intensive trade exposed industries are expensive, unnecessary, and would delay restructuring the Australian economy efficiently to emit less carbon.

School Education

Measuring What Matters: Student Progress

Author: Ben Jensen

Published: 27 January 2010

Assessment of Australian school performance through NAPLAN and the MySchools website needs to shift towards using a “value-added” model that compares the progress made by each student between initial and subsequent measures of performance. Measuring progress in this way would remove the bias in the current model against schools serving lower socio-economic areas. For these reasons, value added measures have been supported by teachers, school associations, and unions in other countries.

What Teachers Want: Better Teacher Management

Author: Ben Jensen

Published: 24 May 2010

Evaluating the work of teachers and developing their teaching skills is a key part of improving the quality of teaching. However, a survey of teachers themselves shows that that teacher evaluation and development in Australia is poor and amongst the worst in the developed world. Australia could also improve how teacher evaluation is used to guide teacher development, reward, and promotion.

Other Publications

Over the financial year Grattan produced a range of other publications including opinion pieces, speeches and presentations, as follows.

Australian perspectives

The 10 Numbers Australian Governments Need to Change

10 July 2009

John Daley

CEO Annual Report to AGM

5 October 2009

John Daley

A Recommended Summer Reading List for the Prime Minister

10 December 2009

Grattan Institute

The Australia of Tomorrow

10 May 2010

John Daley

Cities

A Liveable City

17 June 2010

Jane-Frances Kelly and Helen Morrow

Energy

Minimum Price for Carbon

13 November 2009

John Daley

Facing up to economic reality in a climate of fear

22 April 2010

John Daley

Health

Does the National Health and Hospitals Reform Commission have a real answer for public hospitals?

7 September 2009

David Penington

National Plan for Health Clusters

1 October 2009

David Penington

Decision Time for Public Hospitals

30 November 2009

David Penington

Prime Minister Rudd's Plan for Reforming Australian Public Hospitals

10 March 2010

David Penington

Ailing Health System Needs Rudd's Reforms

31 March 2010

David Penington

Australia's Health System is Ailing

25 May 2010

David Penington

Submission to Senate Standing Committee

28 May 2010

David Penington

Productivity Growth

The Shann Memorial Lecture – The Global Financial Crisis of 2007-09 – an Australian Perspective

19 August 2009

Saul Eslake

Aftermath of a Financial Crisis

29 September 2009

John Daley

Key Challenges for Australian Economic Managers

1 October 2009

Saul Eslake

After the Crisis: Social Policy Challenges

5 November 2009

Saul Eslake

Productivity and Economic Reform - Address to the Economic Society

4 December 2009

Saul Eslake

2% Productivity Growth Target is a Worthy Objective

2 February 2010

Saul Eslake

Education Investment Better for Tasmanian Living Standards and Productivity

11 March 2010

Saul Eslake

An Analysis of Victoria's Labour Productivity Performance

15 April 2010

Saul Eslake

School Education

Why We Need to Elevate School Reform

20 September 2009

John Daley

School Education, *Australian Financial Review*

There's a better way of school appraisal

27 January 2010

Ben Jensen, *The Australian*

NAPLAN Tests Help Champion Equality in the Classroom

15 April 2010

Ben Jensen

What Teachers Want

24 May 2010

Ben Jensen, *Sydney Morning Herald*

Water

Our Water Ways for UK

11 May 2010

Bruce Cohen and Martin Cave

Industry Structure Issues in the Water and Wastewater Sectors in Australia

M Abbott and Bruce Cohen

Economic Papers: A journal of applied economics and policy (2010) Vol 29: 48–63

Structural reform and productivity in the water and wastewater industry:

Emerging issues

M Abbott and Bruce Cohen

Water Resources Research (2010) Vol. 46

Public Events

Grattan Institute held 17 public events over the financial year involving 1,679 members of the public.

Trade Policy and Climate Change Policy: Some Inconvenient Truths

9 September 2009

Presenter: Professor Ross Garnaut

The economic distortions from providing free emissions permits to trade exposed industries in Australia is just one part of a global story. Ross Garnaut suggested that without an effective international approach, they will contribute to a breakdown of the WTO based global trading system. He proposed a way to avoid this result.

The Pricing of Carbon Emissions and International Trade

5 November 2009

Presenter: Daniel M. Price

The United States, the European Union, and other developed nations, including Australia, are moving towards regimes to put a price on carbon emissions. Daniel Price argued that international finance and trade for carbon technology is a core element of a successful international negotiation.

Governing Growing Cities

1 December 2009

Presenter: Duncan MacLennan

Australia is famously one of the most urbanised countries in the world, with our cities producing the bulk of GDP and jobs. Duncan MacLennan showed that accommodating their projected population growth will require both greenfields and infill development.

Australia-US Relationship and the President Partnership Agenda

9 December 2009

Presenter: US Ambassador, Jeffrey L Bleich

The new US Ambassador, Jeffrey L. Bleich, in his first public appearance in Melbourne. discussed the Australia-US relationship, and how President Obama plans to strengthen it into the future.

Political Polarisation: Lessons from the United States

1 February 2010

Presenter: David Brady

David Brady, Professor of Political Science and Leadership Values, and Deputy Director, Hoover Institution, Stanford University discussed political polarisation, and what Australia can learn from experience in the United States.

Changing Social Needs and Innovative Ways to Meet Them

4 February 2010

Presenter: Geoff Mulgan

Individuals have psychological as well as material needs. Geoff Mulgan discussed the current research of the Young Foundation about needs in contemporary Britain.

Measuring What Matters: Student Progress

8 February 2010

Presenter: Ben Jensen

Grattan Institute is released its first public report "Measuring what matters: student progress" on Wednesday 27 January 2010. Its author, Ben Jensen, discussed how school performance should be measured, and compared international experience with the recently launched Commonwealth government "MySchool" website.

In Defence of Liberty

11 March 2010

Presenter: The Hon. Joe Hockey MP

The Hon. Joe Hockey MP, Shadow Treasurer, pursued the theme that as a nation we have not always struck the right balance between individual freedoms and collectivism.

American Cities: A 21st Century Urban Agenda

17 March 2010

Presenter: Henry Cisneros

State and Federal governments in the U.S. have grappled for decades with urban issues such as urban regeneration and affordable housing. As Cabinet Secretary for Housing and Urban Development in the Clinton Administration, Henry Cisneros was at the centre of these efforts. He talked about the challenges facing urban areas in the U.S. today, and the Obama Administration's new urban agenda.

Carbon pricing - is a Tax Better than Emissions Trading?

25 March 2010

Presenter: Cameron Hepburn

Dr Cameron Hepburn discussed climate change policy around the world, and what it means for Australia. He discussed the economics of various options for designing carbon pricing schemes.

Restructuring the Australian Economy to Emit Less Carbon

28 April 2010

Presenter: John Daley and Tristan Edis

John Daley and Tristan Edis outlined the key findings of the Grattan Institute report, *Restructuring the Australian Economy to Emit Less Carbon*, and discussed the implications for Australian policy making.

Water Competition: the UK Experience

3 May 2010

Presenter: Martin Cave

Over the past decade, water restrictions have been imposed in many Australian cities. Significant investments to augment supplies are now beginning operations. With the immediate risks to water security abating, Martin Cave discussed developments in UK urban water governance, and how delivery of water services could be improved in the future.

Economic Returns to Education

6 May 2010

Presenters: Colm Harmon, Saul Eslake, Ben Jensen

What are the links between education and productivity? With the Australian school education system currently going through a major reform, the seminar discussed the relationship between education and economic returns. Will the proposed education reforms make a difference to Australian productivity?

People, Pride and Purpose

13 May 2010

Presenter: John McTernan

After decades of decline, Chicago, Glasgow and Manchester are experiencing a renaissance. Different cities have different stories to tell. However, three ingredients are common across all these cities; people, pride and purpose.

What Teachers Want: Better Teacher Management

25 May 2010

Presenter: Ben Jensen

Ben Jensen presented a seminar about Grattan Institute's report, *What Teachers Want: Better Teacher Management*.

Mapping Social Cohesion: 2009 Scanlon Foundation Report

1 June 2010

Presenter: Andrew Markus

Andrew Markus discussed the major findings of the 2009 Scanlon Foundation Report that examined community attitudes to immigration and immigrants' experiences of connectedness, social justice, sense of belonging and worth.

The Cities We Need

29 June 2010

Presenter: Jane-Frances Kelly

The most important characteristic of a city is whether it meets the needs of its residents, both material and psychological. Although these needs are central to our lives, they are often at the periphery of conversations about the future of Australian cities. Jane-Frances Kelly discussed *The Cities We Need*, the first report from Grattan's Cities Program.

Private Events and Seminars

Grattan Institute held three private seminars over the financial year. These were:

Climate Change Policy

Cameron Hepburn

25 March 2010 - KPMG

Behavioural Approaches to Policy

Colm Harmon

6 May 2010 – KPMG

7 May 2010 – Department of Premier and Cabinet (Victoria)

13 May 2010 – Department of Prime Minister and Cabinet

Restructuring the Australian Economy to Emit Less Carbon

John Daley and Tristan Edis

24 May 2010 – National Australia Bank

27 May 2010 – Department of Premier and Cabinet (Victoria)

Grattan Staff

At the end of the financial year Grattan Institute employed the following staff.

John Daley, *Chief Executive Officer*

Saul Eslake, *Program Director, Productivity Growth*

Ben Jensen, *Program Director, School Education*

Jane-Frances Kelly, *Program Director, Cities*

Tristan Edis, *Research Fellow, Energy*

Marcus Walsh, *Research Fellow, Productivity Growth*

Amelie Hunter, *Research Associate*

Katherine Molyneux, *Research Associate*

Daniel Mullerworth, *Research Associate*

Julian Reichl, *Research Associate*

Ben Weidmann, *Research Associate*

John Harris, *Manager, Communications*

Angela Henderson, *Office Manager / EA to the CEO*

Liz Cini, *Events Coordinator / HR Officer*

Andrew McDonald, *Corporate Services and Company Secretary*

Ana Montes-Valencia, *Office Administrator*