



Annual Report 2017

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independent, rigorous, practical

We are **independent**, taking the perspective of the Australian public interest rather than any interest group, and we avoid commissioned work to ensure this independence. We are **rigorous** in obtaining the best available evidence from published work and collecting and analysing our own data. We are **practical** in articulating what governments should do to improve the lives of all Australians.

Note from our Chairman

Rarely has an independent, rigorous and practical think tank been more important. There are plenty of loud and self-interested voices in our politics; meanwhile the public interest has few friends.

Grattan Institute serves the public interest by researching and advocating high-quality, evidence-based policy reform to make Australia a better country.

From its inception in 2009, Grattan Institute has put into effect the belief that soundly based analysis of public policy issues can make a difference. Since becoming Chairman of Grattan Institute's Board of Directors in 2016, I have witnessed first-hand the importance of its work and the influence our policy experts have on debate.

As this annual report shows, our output over the past year has been substantial, and our influence profound. Grattan was central to the debate that resulted in Federal Parliament finally agreeing to a fairer funding system for Australian schools. Our energy report, *Price shock* showed that Australians were paying too much for electricity, and prompted the Federal Government to order an ACCC inquiry and the Victorian Government to rethink the way it regulates electricity and gas prices.

There was more over the past year, and there will be much more in the coming year.

To preserve its independence, Grattan does not receive ongoing government funding, and avoids commissioned work. With the support of our affiliates and a growing group of generous supporters, Grattan will continue to articulate what governments should do to improve the lives of all Australians.

The Hon. Alex Chernov AC QC
Chairman

Note from our CEO

Grattan Institute's impact is growing every year.

In 2016-17 we published 16 reports and made 17 submissions to parliamentary and other public inquiries. They covered everything from cost overruns in transport infrastructure to overpayment for pharmaceuticals. We discussed the issues they raise at 27 public events across five capital cities. We published 133 opinion pieces in major news outlets across the country and our work was mentioned 43,306 times in the media. Our website attracted over 250,000 visits, with more than half a million pages viewed.

We also talked directly to decision makers with 1,121 stakeholder meetings and by giving 259 speeches.

It had an impact. Grattan's work was cited 144 times in Federal Parliament and in numerous official reports. It led to a number of government inquiries and policy shifts.

There is plenty more work to do. Our team of Program Directors has an important research agenda underway. In 2017-18 we will produce fact-based reports and presentations on topics such as: Australia's housing affordability crisis; political populism and the rise of protest politics; declining trust in government; retirement incomes; the shape and liveability of our cities; the safety and quality of hospital care; how to improve the teaching of STEM; and student attrition from universities.

As always, we will be seeking to advance Australia as a liberal democracy in a globalised economy. Better government isn't everything, but it can help.

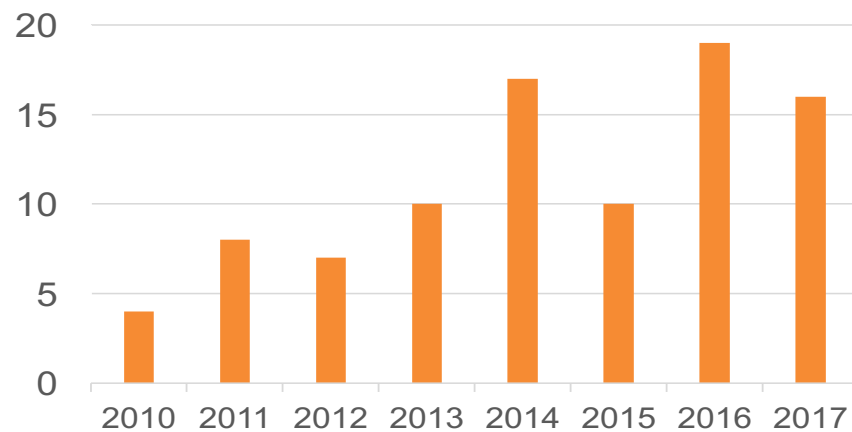
We look forward to continuing to make a difference

John Daley
Chief Executive Officer

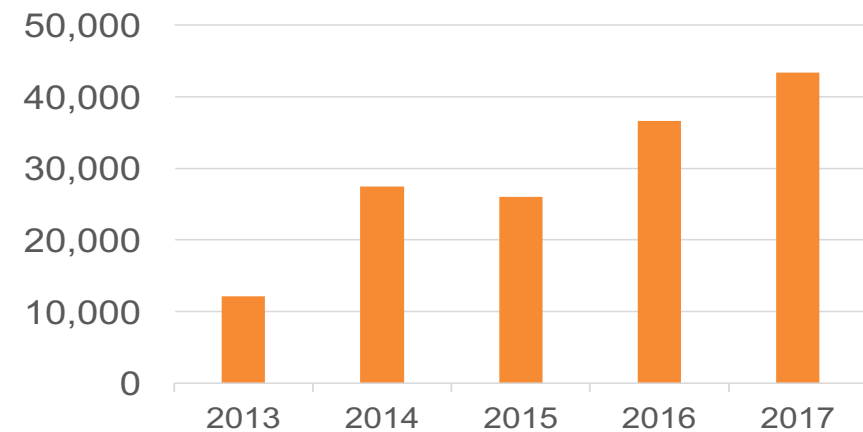
Grattan's influence

Grattan Institute produced 16 reports in 2016-17 that were widely read and discussed. Its media impact continued to grow. In an average week it received over 800 media mentions and published 2 to 3 opinion pieces. It also conducted 1,121 stakeholder meetings and staff gave 259 speeches. Its work was cited in official sources 144 times. All amounts relate to respective financial years.

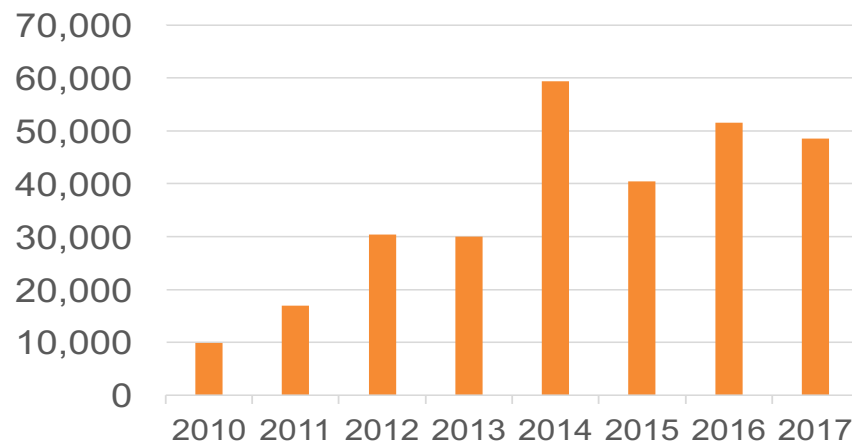
Reports published



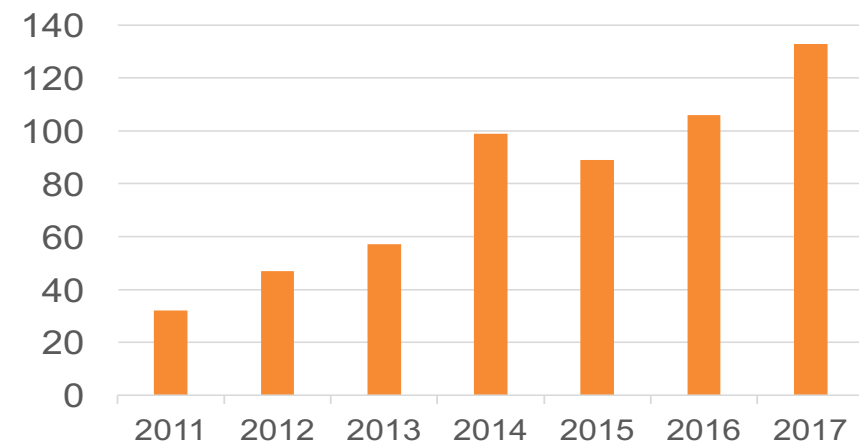
Media mentions



Reports downloaded



Opinion pieces



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Chairman

Australian jurist and former Governor of Victoria



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Vice-Chancellor, University of Melbourne



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Journalist and broadcaster



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Australian Perspectives Program

“Winding back superannuation tax breaks will be an acid test of our political system. If we cannot get reform in this situation, then there is little hope for either budget repair or economic reform.”

- John Daley, Australian Financial Review 5/9/16

“...UK election result should serve as a warning to Australian governments. Many young people feel let down by current government policies. Pushed too far, young people can become a political force to be reckoned with.”

- John Daley & Danielle Wood, The Guardian 26/06/17



John Daley
CEO



“Grattan does independent, rigorous and practical work to improve Australian public policy. We base our findings on the facts, and discuss them in a compelling way with decision-makers and the public.”

John Daley, who has worked for ANZ and McKinsey, is one of Australia's leading public policy thinkers, with 25 years experience in the public, private and university sectors.

Health Program

“Australia has a good health system, at least on average...But the system of yesteryear is no longer the best for today. Change is required in many aspects of the health workforce, but especially in what they do, how they are paid and where they work.”

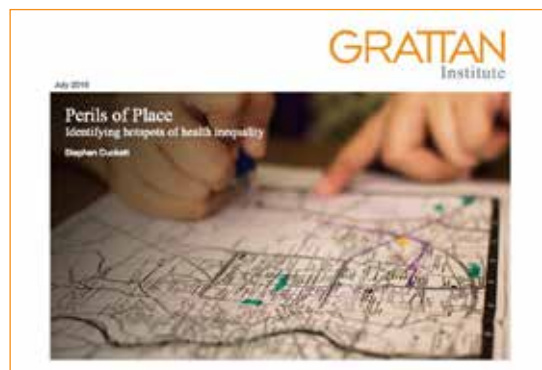
- Stephen Duckett, Health Voices 22/11/16

“Primary care should be the strong foundation for the whole health-care system. Data can be bought, and lifting the Medicare rebate freeze provides the opportunity to do just that.”

- Stephen Duckett, The Conversation 1/05/17



Stephen Duckett
Program Director



“Rising health costs capture headlines but they can be contained, and we can create a better health system while doing so.”

Stephen Duckett is one of Australia's leading health economists, and a former Secretary of the Commonwealth Department of Health.

Energy Program

“Over the next few decades Australia, like many countries, faces the prospect of an energy transformation... The ultimate imperative is to move our economy to a low-carbon footing, while ensuring that consumers don’t pay unnecessarily high costs.”

- Tony Wood, The Conversation, 14/7/16

“An effective, efficient electricity market needs enough secure, dispatchable supply to meet demand. Such a market will deliver coal power if it is an efficient part of the supply mix.”

- Tony Wood, Australian Financial Review 26/06/17



Tony Wood
Program Director



“Australia is redesigning its energy systems for a low-carbon, high-growth world. Grattan provides durable policy solutions for a market economy facing fundamental change.”

Tony Wood worked at Origin Energy for 11 years, and was an adviser to the first Garnaut climate change review.

Transport Program

“The fate of the Sydney Light Rail project demonstrates that that we need to get scientific about estimating projects’ cost risks. Cost estimates for Australian transport infrastructure projects are systematically optimistic.”

- Marion Terrill and Lucille Danks, Sydney Morning Herald 09/12/16

“We need to stop fooling ourselves with the idea that jobs and people will flock to regions if only our governments would invest in them. It hasn’t worked for the past 100 years, and it won’t work now... Barnaby et al, please take note.”

- Marion Terrill, The Australian 20/03/17



Marion Terrill
Program Director



“As our cities and freight networks expand, the distance between jobs and population centres grows, we desperately need transport that better serves the economy and people.”

Marion Terrill has extensive experience in the Commonwealth public service. She helped to write the 2010 Henry Tax Review, and also worked as Director of Policy at the Business Council.

Higher Education Program

“Not all of John Dawkins’ remaining policies of 30 years ago are exactly right for today. But the higher education sector is in a sound financial position, enrolments are high, teaching is improving, and research productivity is high.”

- Andrew Norton, AFR 01/10/16

“Although students will protest, neither they nor graduates should be exempt from a shared responsibility for improving public finances. Today’s costs of funding universities and HELP should not be transferred to future taxpayers.”

- Andrew Norton, SMH 10/05/17



Andrew Norton
Program Director



“Australia’s universities have more students than ever before. We need to find ways to teach them well at an affordable cost.”

Andrew Norton advised former Education Minister David Kemp and University of Melbourne Vice-Chancellor Glyn Davis. He co-wrote the 2014 Review of the demand-driven higher education system.

School Education

“Growth in Australia’s population is higher than we’ve seen since the 60s and 70s. Now is the time to begin systematically planning, implementing and testing new approaches and new designs for schools, for the benefit of future generations of students.”

- Pete Goss, Education Matters Magazine 05/10/16

“Gonski 2.0 is not perfect, but it is a big step in the right direction... Gonski 2.0 should be improved then embraced by all sides of politics – because this opportunity to end the funding wars may not come twice.”

- Pete Goss and Julie Sonneman, The Guardian 02/06/17



Pete Goss
Program Director



“We need to define what outcomes we want from schools, and help young Australians develop the skills, knowledge and personal capabilities needed to thrive in a digital world.”

Dr Peter Goss has over 10 years experience as a strategy consultant, advising Federal and State governments on service delivery innovation.

Productivity Growth Program

“The efficiency of the superannuation system makes a big difference to incomes in retirement. The recent Stronger Super reforms and the Future of Financial Advice reforms have reduced fees somewhat, but billions of dollars in excess cost remain.”

- Jim Minifie, The Conversation 03/08/16

“...there are genuine uncertainties about the costs and benefits of a company tax cut, but many of the objections that have dominated public discussion seem overblown.”

- Jim Minifie and Cameron Chisholm, The Conversation 29/03/17

“From September 5, Uber and other ride-sharing services will be legal in Queensland... they will benefit the many customers of the \$1.2b Queensland taxi market by injecting new services and new competition. They should be supported.”

- Jim Minifie, The Brisbane Times 11/03/16



Jim Minifie
Program Director

“A once-in-a-century mining boom has reshaped the entire economy, producing new winners and losers. Productivity performance matters more than ever in building a powerful, agile economy for a new century.”

Dr Jim Minifie is a former Chief Economist at Boston Consulting Group.



Grattan Staff as at 30 June 2017

John Daley, *Chief Executive Officer*

Stephen Duckett, *Program Director, Health*

Peter Goss, *Program Director, School Education*

Jim Minifie, *Program Director, Productivity Growth*

Andrew Norton, *Program Director, Higher Education*

Marion Terrill, *Program Director, Transport*

Tony Wood, *Program Director, Energy*

Paul Austin, *Editor*

David Blowers, *Fellow, Energy*

Brendan Coates, *Fellow, Australian Perspectives*

Ittima Cherastidtham, *Fellow, Higher Education*

Jordana Hunter, *Fellow, School Education (maternity leave)*

Hal Swerissen, *Visiting Fellow, Health*

Julie Sonnemann, *Fellow, School Education*

Danielle Wood, *Fellow, Australian Perspectives*

Hugh Batrouney, *Senior Associate*

Cameron Chisholm, *Senior Associate*

Carmela Chivers, *Associate*

Lucille Danks, *Associate*

Owain Emsilie, *Associate*

Kate Griffiths, *Associate*

Greg Moran, *Associate*

Hugh Parsonage, *Associate*

Lucy Percival, *Associate*

Trent Whiltshire, *Associate*

Megan French, *Events and Marketing Specialist*

Mary Hannebery, *Manager, People and Development*

Andrew McDonald, *Head of Corporate Services*

Brigitte Phelan, *Office Coordinator*

Eloise Shepherd, *Executive Assistant*



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Good public policy work needs friends.
Grattan Institute acknowledges the generous financial support of the following individuals.

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Joseph Niven
Jillian Segal

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Glyn Davis
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Midge McGlade
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Holly Woodrow
Luke Woodward
Scott Woodward
Michael Wright

and 104 anonymous
donors who contributed a
total of \$13,915.00

Financial Summary

This summary table does not form part of Grattan Institute's formal annual financial report but the results have been drawn from the audited accounts.

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Endowment Income						
Interests and Dividends	2,117	1,937	2,136	2,913	2,797	2,585
Realised Gains (Losses) from the Sale of Investments	(195)	674	389	(19)	(473)	1,085
Movement in the Market Value of Investments	(2,386)	4,478	3,745	1,999	(2,211)	894
Less: Investment Management Fees	(119)	(121)	(139)	(142)	(140)	(165)
Total Interest and Investment Income	(583)	6,968	6,131	4,751	(27)	4,399
Donations	200	200	73	183	290	484
Total Endowment Income	(383)	7,168	6,204	4,934	263	4,883
Operating Result						
Other Income	1,336	1,423	1,766	1,161	806	1,051
Operating Expenditure	4,055	4,754	4,833	5,025	5,270	5,383
Operating Profit (Loss)	(2,719)	(3,331)	(3,067)	(3,864)	(4,464)	(4,332)
Total Entity Profit (Loss)	(3,102)	3,837	3,137	1,070	(4,201)	551
Endowment Balance	32,511	36,348	39,485	40,555	36,354	36,905

Grattan Institute is privately funded by returns on its endowment, and drawing on the endowment when necessary. Grattan Institute's work has influence and impact because it is independent; that independence depends on long-term, sustainable funding.

The necessary cost of Grattan's work is drawing down on the real value of the endowment. If this continues in the long term without additional funding, Grattan's independence, and all that goes with it, will be at risk.

Grattan Institute is supported through donations via the website, or by contacting Andrew McDonald, Head of Corporate Services, on 03 8344 0431 or via andrew.mcdonald@grattan.edu.au.

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