

GRATTAN INSTITUTE

Impact report 2020-21



Independent policy research to improve the lives of all Australians

GRATTAN
Institute

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Grattan Institute produces high-quality public policy recommendations for Australia's future. Since we were established in 2008, our independent research has helped shape the Australian policy conversation, from childcare to the COVID-19 response, and from superannuation to school funding.

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Our supporters

Policy impact highlights

How Grattan work changed the lives of Australians in 2020-21

Reducing super fees for Australian workers

Grattan was the first to bell the cat about the very high super fees paid by Australian workers, after releasing two detailed research reports on the topic.

Grattan's work led to the Federal Government commissioning the Productivity Commission to look in detail at the market, and this year the Government legislated important reforms in the Your Future, Your Super package.

The changes – which will help address the problem of underperforming funds and multiple consumer accounts – are a significant step towards improving the functioning of the superannuation market and should boost retirement incomes for millions of Australian workers.

Vaccinating the nation

Grattan was the first to set out a public roadmap towards living with COVID, including strategies for achieving very high population-wide vaccination rates. Many of our recommendations – mass vaccination centres, offering vaccines through pharmacies and local pop-ups, vaccine passports for events, hospitality, and retail, and mandatory vaccines for high-risk occupations – have become a reality.

These have been instrumental in helping Australia achieve world-leading vaccination rates and the very positive signs to date that we can live with COVID (at least its current strains).

Improving student learning

Timely Grattan research led the Victorian, NSW, and South Australian governments to invest more than \$500 million in new tutoring initiatives to help students catch-up on learning lost during COVID lockdowns.

The programs will help disadvantaged students who could otherwise have been left behind after more than 18 months of 'on again and off again' remote learning.

Moving towards a clean energy future

Grattan was the first to release analysis highlighting opportunities of green manufacturing to support carbon workers, cut emissions, and create new export markets for Australia. The analysis pointed to the importance of green hydrogen and opportunities in areas such as steel manufacturing.

Our work has been used by state and local governments to scope opportunities related to renewable hydrogen. The Federal Government has identified green steel as a specific target area in its Low Emissions Technology Statement. It has also announced a new \$500 million fund along the lines of Grattan's recommendation for technology development.

Making early learning and care more affordable

Grattan research led the public conversation on the economic imperative to reduce the very high out-of-pocket cost of early learning and care.

The Federal Government drew on this economic case in investing \$1.7 billion over three years to reduce these costs and boost women's workforce participation.

The policy will ease pressure on family budgets and give young mothers greater capacity to work more if they wish. And more children will gain the benefits of formal early childhood education.

The Federal Opposition and the NSW and Victorian Governments also announced policies to make early learning and care more affordable.

A better deal for taxpayers on major projects

Grattan has been the sole voice to quantify the scale of the megaproject agenda, the risks associated with premature announcements of major projects, and the implications of rushing such projects to market. The Victorian Government and Opposition debated our first megaproject report on the floor of Parliament, with pressure for greater transparency and due process in project selection, procurement, and construction.

If implemented well, the recommendations should improve procurement processes in Australia and lead to better projects at least cost to taxpayers.



13

REPORTS PUBLISHED



163

OPINION PIECES



44,000

REPORTS
DOWNLOADED



36,000

MEDIA MENTIONS



83,000

SOCIAL MEDIA
ENGAGEMENTS



242

SPEECHES



163

OFFICIAL CITATIONS

On Grattan's national impact

“
‘Few organisations could claim to have had more influence over contemporary debate about super policy than the Grattan Institute.’

Joanna Mather, AFR

“
‘Probably the leading energy analyst in the world of think tanks.’

Malcolm Turnbull on Tony Wood

“
‘Those of us intimidated by economics can quickly understand the evidence, because it is presented in clear and compelling graphs.’

Crikey

“
‘Melbourne think tank the Grattan Institute is a beacon of light in the morass of Australia's public policymaking.’

Tim Dodd, AFR

“
‘We owe it to the Grattan Institute's Danielle Wood and her team for joining the dots, provided in the bowels of the budget papers, to reveal how the cost of the tax cuts stays small until the last year of the budget's “forward estimates”, 2022-23, then leaps to a cost of about \$35 billion a year, rising to about \$45 billion a year in 2029-30...’

Ross Gittins, The Age and Sydney Morning Herald

In a recent survey, 81% of respondents mentioned Grattan's independence as one of our key strengths.

Budgets and Government



Danielle Wood

Budgets and Government
Program Director

COVID and the associated economic fallout dominated the research and advocacy efforts of the Business and Government team in 2019-20. Our work had a significant impact on the federal and state governments' response to the crisis and their policies to support the economic recovery.

Our Program Director, Danielle Wood, warned of the impact on the economy if governments withdrew all the major fiscal supports simultaneously in September. What she termed the '**fiscal cliff**' entered the popular lexicon, and we were delighted that the Federal Government announced a **slower phase out of the JobKeeper and JobSeeker programs**, broadly in line with our recommendations in *The Recovery Book*.

The team also did significant work on the **impact of the COVID crisis on women**. The *Women's Work* report highlighted the disproportionate impacts of lockdowns on women. Women were not only more likely to lose jobs and hours, but also shouldered a disproportionate share of the increase in unpaid work, particularly supporting children during remote learning. The report has become a key reference for discussions on the impact of the pandemic on women in Australia.

Our research led us to be highly critical of the 2020 federal Budget, with its focus on stimulus for male-dominated construction, manufacturing, and utilities sectors, and little for the much harder-hit sectors that are major employers of women, such as hospitality, administrative services, arts, and tourism.

This analysis generated debate about women being overlooked in the Budget. This played a key role in shaping

many of the subsequent **state budgets**, which included far more in the way of **measures to support the services-sector and women's economic outcomes**.

Similarly, the 2021 federal Budget was much broader in its focus and included **significant new measures for women** including support for women's safety, economic security, and health and wellbeing. It also included a **Women's Budget Statement** for the first time since 2014, something that Grattan, along with many groups, had called for to bring more focus on the impact of budget policies on women.

The centrepiece of the Women's Budget Statement was a \$1.7 billion package to **reduce the out-of-pocket costs of childcare for families**. Grattan had been calling for such a policy, off the back of research in our *Cheaper Childcare* report released in August 2020. The Government's childcare package was less generous than we recommended, but picked up a number of elements of the model we proposed.

In promoting its package, the Government drew heavily on Grattan's arguments on the benefits for women's workforce participation and the economic recovery.

The Federal Opposition and the NSW and Victorian Governments all also announced policies to make early learning and care more affordable.

Our *Women's Work* report particularly highlighted the plight of **single parents** (mainly women) during the pandemic. The impossibility of juggling work and care without support resulted in large falls in workforce participation of single mothers, adding to their existing economic disadvantage. Yet policy makers largely overlooked these impacts. We were delighted that the Victorian Government adopted our call for **single parents to be able to send their children to childcare and school** during lockdowns, so they could continue to work.

Economic Policy



Brendan Coates

Economic Policy Program Director

A new Grattan proposal for a **Housing Australians Future Fund** was adopted by the federal Labor Opposition as the centrepiece of the Opposition Leader's budget reply speech in May 2021. We had briefed both major parties on the proposal ahead of the federal Budget. The Opposition Leader's announcement signals an important shift in federal ALP housing policy since the last election, away from so-called affordable housing and towards **social housing**, as recommended in our policy paper, *Evaluating the National Rental Affordability Scheme*, published in September 2019.

We have also highlighted the powerful case for action on **housing affordability**, including more support for the worst off via a boost to Commonwealth Rent Assistance. Our work on the implications of worsening affordability for the adequacy of retirement incomes informed key findings of the Government's recent **Retirement Income Review**. And we have been a leading voice in the push to cancel legislated increases in compulsory superannuation, which will cost the federal Budget more than it saves, while leaving workers worse off.

Grattan's past work on **the costs of superannuation** continues to bear policy fruit, most recently with the passage of the Federal Government's **Your Future, Your Super** legislation through Parliament. The legislation implements a number of important recommendations from the 2018 Productivity Commission inquiry into superannuation system performance, which was in turn sparked by Grattan's earlier work on superannuation costs, in our *Super Savings* and *Super Sting* reports. Our analysis showing that Australians pay more each year in super fees than they do in energy bills was central to the Government's case for reform.

Grattan's first report on **migration policy**, *Rethinking permanent skilled migration after the pandemic*, was released in May, establishing a blueprint for reforming the permanent skilled visas. The report attracted extensive interest from a range of stakeholders, and a number of media commentators wrote in support of our key recommendations. The Economic Policy team will continue to advocate for the reforms as the Federal Government allocates permanent visa numbers into 2022-23.

The Economic Policy program continues to influence governments around Australia on **tax reform**. Grattan has been at the forefront of debate over how best to design a stamp duty/land tax swap, a reform championed by former NSW Treasurer now Premier Dominic Perrottet. The Victorian Government announced a new tax on windfall gains from land re-zonings as part of the 2021 state Budget – a reform we recommended in our 2018 *Housing Affordability* report and in the *State Orange Book 2018*.





Education



Jordana Hunter

Education Program Director

The Education Program's most important achievement this year was to successfully advocate for significant investment in new tutoring initiatives to **help students catch-up on COVID learning losses** due to school closures in 2020. Three state governments – Victoria, NSW, and South Australia – invested more than \$580 million in the tutoring initiatives in 2021. Victoria and NSW have since announced an additional combined investment of more than \$600 million to extend the tutoring programs for 2022. The initiatives, which provide funding for small-group or one-on-one tutoring to help close literacy and numeracy learning gaps, were in line with the key recommendation of our *COVID Catch-up* report published in June 2020. We were the dominant public voice on the issue, with our work cited by the Victorian Deputy Premier and Education Minister, James Merlino, when he announced Victoria's tutoring initiative in October 2020.

Grattan also influenced the Federal Government's reform directions on initial teacher education. The Federal Education Minister, Alan Tudge, announced a review of initial teacher education in April 2021. The review terms of reference include a significant focus on **how to attract more high achievers to teaching**, a key issue Grattan has

advocated for since our *Attracting High Achievers* report was published in September 2019. Our work shows that increasing the proportion of high achievers who take up teaching would have a significant impact on student learning. The Federal Education Minister used a unique statistic from our 2019 report when he announced the new review. The Education team has also had the opportunity to provide significant policy input to the Commonwealth review panel looking at this initiative. In particular, we have pressed our past report recommendations for targeted scholarships to attract high achievers to teaching.

Our work has also been influential in the establishment of a new **Victorian Teachers' Academy**. In particular, research from our *Top Teachers* report, in which we called for the creation of a new **'Master Teacher' position** to better recognise and build teaching expertise, was cited several times during the parliamentary debate.

Through our advocacy and engagement efforts, we have also increased media interest in **the damage school closures can cause** to students' learning and their social and emotional wellbeing. In particular, our Education Program Director Jordana Hunter has urged that schools to be closed only when absolutely necessary. Jordana has also called for the early return of prep-to-Year 2 students to the classroom where possible; teachers to get priority in the vaccination program; and improvements in the quality and consistency of remote teaching.

Energy and Climate Change



Tony Wood

Energy and Climate Change
Program Director

Grattan's most recent energy reports – *Start with Steel*, *Flame out*, *Go for Net Zero*, and the *Towards Net Zero* series – have been picked up by media, governments, and government agencies. *Start with Steel* remains one of the few tangible recommendations for how **hydrogen could play a role in Australia's energy future**. In particular, the content is relevant to state and local governments trying to identify how they could capitalise on opportunities related to renewable hydrogen. Our Energy and Climate Change Program Director, Tony Wood, was invited to participate in several working groups and one newly approved Cooperative Research Centre, as well as to provide direct input to the strategies being followed by the Australian Renewable Energy Agency.

Flame Out stands in direct opposition to the Federal Government's proposed gas-led recovery. The report continues to be a focus with state governments, and formed the basis for recent submissions to the federal Gas Taskforce working on a National Gas Infrastructure Plan, and to the Victorian Government's Gas Substitution Roadmap. Much of industry, and even **the gas industry**, supported our conclusions publicly. Our positions in both reports were

also publicly endorsed by former Prime Minister Malcolm Turnbull. More recently, *Flame Out* and an earlier Grattan report on **the opportunities for green steel**, were central to a requested submission to an inquiry, initiated in August 2021, by the Senate Economics References Committee on the 'opportunities for development and expansion of **Australia's manufacturing sector**'.

Go for Net Zero has been received as a valuable myth-buster and publicly **endorsed as essential reading** by the Chair of the Energy Security Board, Kerry Schott. We presented this material to federal Treasury, members of the Department of Prime Minister and Cabinet, and several state government departments. This report formed the basis of a requested submission to an inquiry, initiated in March 2021, by the House of Representatives Standing Committee on the Environment and Energy, on 'the current circumstances and the future need and potential for **dispatchable energy generation and storage capability** in Australia'.

The *Towards Net Zero* series of five reports, which were published in **the lead-up to the international climate change conference in Glasgow** in November 2021, was generally supported by industry and presented to federal and state departments. Several federal backbench Government MPs have sought briefings on the content of these reports.



Health and Aged Care



Stephen Duckett

Health and Aged Care
Program Director

Grattan Institute's series of reports on aged care was highly influential on the work and final report of the **Royal Commission into Aged Care Quality and Safety**. A number of the key philosophical and structural features of our proposals were reflected in the Commission's final recommendations. We were not the only proponents of these ideas, but we were the loudest voice on many of them, particularly the need for **rights-based aged care and universal funding**.

Our *Next Steps for Aged Care* report, published in April 2021, further honed our reform agenda. The Federal Government agreed to 126 out of the Royal Commission's 148 recommendations, including, as we had recommended, a new Aged Care Act, and a more regional governance approach. About half of the Federal Government's investment was in expansion of home care, again as we had recommended.

The Health and Aged Care team continued to contribute to public discourse on **the COVID crisis**. We were one of the earliest advocates for setting up mass vaccination centres to help accelerate the rollout. Grattan's *Race to 80* report was published at a time when vaccine hesitancy was high. It set a bold goal for more than 80 per cent population-wide vaccination, which was criticised as unachievable. Time has shown that Grattan's goal was the right one, and indeed achievable with the right policies to support uptake.

On **private health insurance**, although our recommendation for an industry plan has not yet been taken up, **reform to prosthesis funding** has begun and the private insurers are increasing their advocacy to control medical specialist charging practices, addressing a problem we have identified and highlighted in a series of reports. We have been the principal non-industry advocate for change in this field.





Transport and Cities



Marion Terrill

Transport and Cities Program Director

Grattan's extensive research on megaprojects has led to requests to brief government and opposition politicians and bureaucrats in the larger states and Commonwealth, to assist in policy development on **cost, waste, and accountability in infrastructure**.

Our work on congestion charging was the primary source used by the NSW Review of Federal Financial Relations in its chapter on cordon charging. This expertise also led to us providing a briefing for the member of the Victorian Legislative Council with the deciding vote on the bill to introduce a per-kilometre charge for electric vehicles.

Grattan's expertise in infrastructure is recognised internationally. Our Transport and Cities Program Director Marion Terrill has served as a country expert for a European Court of Auditors study of **institutional arrangements governing large transport investments** co-funded by the European Union and member countries. She has addressed the global transport executive of AECOM, a multi-national engineering corporation, at the invitation of its global lead.

Grattan's two **megaprojects** reports have led politicians to make specific public commitments. In May 2021, the federal shadow minister for infrastructure, Catherine King, said of our *Megabang for Megabucks*: 'One of the report's

conclusions that I do agree with is the need to ensure that governments, in their rush to have a political announcement, don't create the sense that projects are delayed because proper site scoping, planning, and procurement arrangements have yet to be carefully considered... Labor will keep this lesson in mind if we are fortunate enough to form government after the next election.'

Victoria's then shadow treasurer, Louise Staley, said in her budget-in-reply speech in November 2020: 'Today Marion Terrill, the Grattan Institute's Transport and Cities Program Director, said of this failure to publish: These are public projects, we have a right to know. Yes, Treasurer, we do.'

The Victorian Treasurer's office gave advance notice that the 2021 state Budget would include **recommendations from our megaprojects reports**, specifically on benchmarking costs and on redesigning project development and procurement processes and improving the way past project lessons are shared across government and industry.

The reports have generated very different responses in public and behind closed doors. Bureaucrats of three jurisdictions have sought briefings after publication and suggested a further instalment in our megaprojects series. Within construction, engineering, and law firms, many people have made contact with the Transport and Cities team to say the reports have been very controversial, but have sparked a discussion that the industry has to have.

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Grattan Institute gratefully acknowledges the support of our affiliates.



Australian Government



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