

# Quality of child care back on the agenda

***The Institute's research into the perceptions of child care staff about quality of care has attracted considerable public attention, including calls for a shift away from corporate control of the industry. Emma Rush reports.***

In recent years, public debate about child care policy has been framed in terms of the availability of child care places and the affordability of child care for families. These concerns are important from a labour market point of view: if the parent who is the primary carer (almost always the mother) cannot find a place for their child, or if care is too expensive, then that parent will not return to work.

In contrast, concerns about child care quality were largely held in check by the existence of a national accreditation scheme for child care centres. However, the persistence of anecdotes regarding poor quality child care suggested that significant problems remained despite this accreditation scheme.

In the absence of other independent data on this issue, the Institute conducted its own national survey of long day care centre staff in late 2005. The survey asked respondents a range of questions about the quality of care provided in the centre they worked in.

Almost 600 valid responses to the survey were received from child care staff, spread across 217 long day care centres (approximately 5 per cent of all centres) in proportion to the number of child care staff working in each state or territory.

Responses were also spread across the different long day care provider types: community-based, independent private, and corporate chain.

Community-based centres include all non-profit centres, which are run by community groups, religious organisations, charities, local governments, and state or territory governments.

Independent private centres are owner-operated small businesses. In most cases, independent private centre owners do not own more than one centre. Such centres are for-profit, but are not listed on the Australian Stock Exchange.

In contrast, 'corporate chain' providers own and/or operate many centres. They are listed on the Australian Stock Exchange and as such, their directors have a legal obligation to act in the best interests of their shareholders.

## **Mixed picture**

Survey responses from child care staff showed that overall the quality of care in long day care centres is quite high. However, responses also suggested that where there are problems, these are disproportionately located in corporate chain centres.

One in every five respondents from corporate chain centres said they would not send their own child aged under two to the centre they were employed at due to quality concerns. This compares with only one in every twenty-five respondents from community-based centres who said the same thing.

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One in every five respondents from corporate chain centres said they would not send their own child under two to the centre they were employed at, due to quality concerns.

When explaining why they would not send their own child to the centre respondents cited concerns such as:

- poor staff-to-child ratios;
- heavy staff responsibilities for cleaning and paperwork allowing staff little time to spend with the children;
- lack of equipment;
- concern about high staff turnover and inexperienced staff; and
- overly rigid centre routines.

For all the quality-related questions on the survey, responses suggested that compared with community-based centres, corporate chain centres perform relatively poorly.

"I would like more time for staff to spend with individuals, as well as [children with] special needs..." (Survey respondent, corporate chain, NSW).

For example, it appears that corporate chains are less likely to staff centres above the legal minimum staff-to-child ratios. This may be why corporate chain staff were less likely to say they always had time to develop individual relationships with the children they cared for. Such relationships are not an optional extra: early childhood research has shown

that development of individual relationships between carers and children is particularly important in reducing children's stress levels and in promoting their development.

On the basis of survey responses, even the provision of food and equipment for the children appears to be poorer at corporate chain centres.

Only 34 per cent of respondents from corporate chain centres said their centre provided a good variety of equipment for children, compared with 66 per cent of community-based centre respondents. The better the variety of equipment, the easier it will be for staff to provide an interesting early learning program for the children. Without such a program, children can get bored and develop behavioural problems.

"I don't think my centre provides high quality care due to low budget, unqualified staff and poor equipment." (Survey respondent, corporate chain, Qld).

Only about half of corporate chain centre respondents said their centre always provided nutritious food, and enough of it, for the children. By contrast, about three quarters of community-based centre respondents said their centre always provided nutritious food and enough of it.

That the survey of child care workers gave poorer results across the board for corporate chain centres is of particular concern because corporate child care chains have rapidly expanded their share of the Australian child care market in recent years, to the point where now approximately 25 per cent of children in long day care attend a corporate chain centre.

When the results were released, the corporate child care chains denied

that there were any problems, claiming in particular that if poor quality care was provided at their centres, then parents would take their children elsewhere. But in the context of serious child care shortages and long waiting lists in some areas, particularly in major cities, this may be very difficult for parents. One corporate chain centre survey respondent described the situation at her centre as 'sad kids, but parents are desperate' (NSW).

"[Corporate chain] took over and now it's a money making business and not a family one. Too much paperwork means not enough time spent with children." (Corporate chain, Vic).

Since release of the survey results, it has been announced by the Minister for Families, Community Services and Indigenous Affairs that the child care centre accreditation process will be made more stringent by the addition of random quality spot checks from July 2006.

This is a welcome improvement, but it is not clear that it will be enough to address the problems. In the past it has been possible for child care centres to fail accreditation up to three times (over a period of two years and three months) before the centre becomes an ineligible centre for the purposes of families claiming child care benefits. Moreover, it is not clear whether any centres have actually had their eligibility for benefits cancelled.

Given that the survey results suggest that community-based centres provide a markedly higher quality of care, increasing government funding for the establishment of new community-based centres in areas of need would provide parents with greater choice by allowing them to move their children out of poorer quality centres. At present, some parents have little choice. ■

## Child care case study: ABC Learning Centres

**Building on the results from the national survey of child care centre staff, the Institute undertook more detailed research with survey respondents from ABC Learning Centres Limited. Emma Rush outlines the main findings.**

ABC Learning Centres Ltd is not only the largest of the corporate child care chains in Australia, it is the largest listed child care operator in the world. For the 2004/05 financial year, it recorded a profit of \$52.3 million.

The number of centres owned by ABC Learning continues to increase and we estimate that in the 2005/06 financial year ABC Learning will receive a Federal government subsidy of approximately \$200 million via the Child Care Benefit paid to parents.

The glossy brochures and magazine that ABC Learning provides for parents, as well as its television advertisements and website, emphasise that its centres provide high quality care. But the story told by the child care staff who work in ABC Learning centres is rather more complex.

Detailed telephone interviews, lasting 30 minutes on average, were carried out with twenty child care staff who were employed at an ABC Learning centre at the time of the 2005 survey.

Taken as a whole, the interviews confirmed that the quality of care offered by ABC Learning varies widely from centre to centre. However, certain problems appear to be to some degree systemic.

It appears that food budgets are low, with one interviewee saying that at her centre, the cook worked to a budget of only 45 cents per child for each meal. Qualified cooks are poorly paid and difficult to find.

Equipment budgets appear to be adequate but a number of staff said that they felt limited by the fact that these budgets must be spent at an ABC Learning-owned toy company that does not provide a wide enough variety for programming, which is developed for individual children.



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Interviewees told us that some ABC learning centres have no specialist cleaning staff and that at these centres staff are required to do all the cleaning as well as care for the children. At other centres, specialist cleaning staff are only employed three days a week, and the other two days the staff must do all the cleaning.

Almost all the interviewees agreed that paperwork responsibilities at ABC

Learning Centres are particularly heavy and reduce the amount of time available for staff to interact with children.

Many interviewees could see the need for this paperwork, which is required by ABC Learning for both legal protection and for programming purposes, but felt that there was so much of it that staff became less available to care for the children.

Several interviewees also spoke about ABC Learning as having a secretive corporate culture which strongly discourages staff from speaking publicly about concerns they may have about the operation of ABC Learning centres.

The report based on the interviews (*ABC Learning Centres: A case study of Australia's largest child care corporation*) includes much of what the interviewees said in their own words. It can be downloaded in its entirety from the Australia Institute website ([www.tai.org.au](http://www.tai.org.au)) by following the links to 'What's New'.

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# 'New' media - just more of the same

**The Federal Government's case to repeal the cross media ownership rules is based, at least in part, on the belief that we 'are in a new age of pluralism' brought on by the rise in 'new media' sources. But as Christian Downie argues, despite the rise of the internet, few Australians actually rely on non-traditional media sources for their news.**

On 15 March 2006, the Federal Minister for Communications, Senator the Honorable Helen Coonan, launched a discussion paper, *Meeting the Digital Challenge*, that outlines the Government's case for reform of the laws governing cross-media ownership.

The Government argues that new media sources will guarantee that a diverse range of information and opinions will be freely exchanged in accessible and commonly used forums.

The Howard Government is strongly backed by the big media players, notably Publishing and Broadcasting Limited and News Limited. They claim that the current laws stifle innovation and efficiency and that they can be removed without harming diversity. Media mogul Rupert Murdoch even predicted the end of the 'media baron' as the internet and other technologies transform the media landscape.

As little as one per cent of Australians actually receive their news from non-traditional media sources.

However, the evidence shows that despite the technological advances of the last decade only a very small proportion of Australians rely on the internet for news and current affairs and, amongst those who do, the vast majority turn to websites that are either controlled by traditional media providers or draw their content from traditional media sources.

In fact, only three per cent of Australians turn to the internet for



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their main source of domestic news and current affairs. In comparison over 95 per cent of the population still rely on television, newspapers and radio. Around 75 per cent of the population never or rarely access the internet for domestic news and current affairs.

Of those who do use the internet 90 per cent rely on a small collection of websites that have a close association with traditional media providers.

In all, it is estimated that as little as one per cent of Australians actually receive their news from a non-traditional media source.

Part of the reason is access. While 99 per cent of Australians have access to at least one television, 33 per cent of households do not have a computer and 44 per cent do not have internet access. It is worse in the bush where an estimated 30 per cent of people have never accessed the internet.

Those who do use the internet find that the vast majority of popular new media sources are controlled by the old media barons. For example, the most popular internet sites for news are Channel 9's *ninemsn* and the *Sydney Morning Herald* site. Far from undermining the rationale for the existing cross-media regulations, the

permeation of the traditional media players into new media markets such as the internet, reinforces their value.

This trend should come as no surprise. News gathering is a labour intensive process that is expensive and slow. Hence new services and delivery platforms largely seek to extend the reach of the established media entities rather than providing a substantial new market for different players.

Many commentators point to the growth in blogs as an indication of how the internet is spawning a plethora of new media sources. Yet a survey of some of Australia's more prominent blogs reveals that their content is either sourced from traditional media or indirectly influenced by the mainstream news cycle.

The content of most blogs is either sourced from traditional media or indirectly influenced by the mainstream news cycle.

Popular blogger Tim Blair is a case in point. He is assistant editor at *The Bulletin* magazine and much of the information on his site is directly sourced from the traditional media.

Even the exceptions like *Crikey*, a daily subscription email service that also posts news on its internet site, are largely relied upon for discussion of news rather than as a source of it.

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# The nuclear debate warms up

**The Institute's recent intervention in the national nuclear debate attracted a great deal of media attention. Deputy Director Andrew Macintosh provides the background to this intervention and reports on the Government's response.**

During his recent tour to the US, Canada and Ireland, the Prime Minister said the use of nuclear power in Australia was inevitable. The statement contradicted comments made by a number of his Cabinet colleagues and seemed peculiar given the lack of discussion of nuclear power in the 2004 energy white paper and the well-known costs and environmental risks associated with nuclear energy.

Yet John Howard, demonstrating a previously unsuspected green consciousness, was adamant that 'nuclear power is cleaner and greener than other forms of power' and called for a 'full-blooded debate in Australia about this issue'.

In response to the Prime Minister's statements, the Australia Institute published a list of areas that would be of interest for the siting of a nuclear power plant should the Government decide that a domestic nuclear energy industry was a viable option.

The list was developed after consultations with a number of energy experts who identified four general

criteria: proximity to water, proximity to the national electricity grid, proximity to major load centres and proximity to port and rail facilities for imported fuel rods.

A debate about nuclear power that excludes discussion of the siting of plants and waste dumps is, in our view, dishonest.

If the Government is seriously considering developing a nuclear power plant, these areas would have to be subject to a number of other siting checks, including evaluations of the relevant geology, fauna and flora issues, population buffers, safety factors, social and economic impacts, and heritage factors. The potential sites may also change depending on the technology proposed.

However, the Australia Institute's intention in publishing the list was not to advocate the siting of a power

plant in these areas or to promote nuclear energy, but rather to focus the nuclear energy debate on the most pertinent issues: location of the plants, location of the waste dumps, cost, security and environmental risks. A debate about nuclear power that excludes discussion of the siting of plants and waste dumps is, in our view, dishonest.

The Government's response to the publication of the list spoke volumes about the Prime Minister's intentions regarding the nuclear industry. Although a small number of Coalition MPs hinted that they would support a nuclear power plant in their electorate, most ducked for cover claiming that, while they had no problem with nuclear power 'in principle', the siting of plants was a long way off.

The other well-rehearsed response was to dismiss the list as a stunt. Certainly, there was no attempt by the Government to discuss the accuracy of the list or the feasibility of the particular areas nominated for the siting of power plants.

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Cartoon courtesy of Peter Lewis and The Newcastle Herald



Nuclear Debate. Continued from page 5

Peter Hartcher, writing in the *Sydney Morning Herald* on 26 May, argued that the Prime Minister's intention in sparking the nuclear debate was to divide the Labor Party.

This may be true, but the Government also seems to be trying to raise controversial issues in an attempt to divert attention from its own current woes, which include industrial relations reforms, rising fuel prices and interest rates, and the AWB affair.

Further, the Prime Minister may be trying to lay the foundations for an announcement on Australia's involvement in uranium enrichment.

The fact that the Prime Minister made his declaration on nuclear energy after meetings with Bush and Harper is unlikely to have been a coincidence.

If environmental and security risks are put to one side, processing uranium for a growing export market makes more sense than a domestic nuclear power industry. It would be financially lucrative and it fits neatly with the Bush Administration's nuclear fuel leasing agenda.

Canada, another major uranium supplier, is likely to be interested in the leasing arrangements, particularly since Stephen Harper's Conservatives came to office earlier this year.

The fact that the Prime Minister made his declaration on nuclear energy after meetings with Bush and Harper is unlikely to have been a coincidence.

With this in mind, the Australia Institute intends to continue to be involved in the nuclear debate. It is likely to become increasingly controversial as pressure builds on the Government to develop an effective response to climate change.

## Losing faith in the official future

**A recent survey provides striking evidence of the extent to which government priorities and people's perceptions and preferences are diverging, says Richard Eckersley.**

A growing proportion of Australians believe quality of life is declining despite a decade-and-a-half-long economic boom that has seen sustained, strong economic growth, declining unemployment, low interest rates and rising incomes.

The finding comes from an Ipsos Mackay Research survey conducted in November 2005. The survey included several questions about the future that were asked previously in 1988 and/or 1995. The 2005 survey was of 1001 Australians aged 18 and over; the 1995 survey for the Australian Science, Technology and Engineering Council (ASTEC) was of 802 Australians aged 15-24 (so comparisons with 1995 results are only possible for youth); the 1988 survey for the Commission for the Future was of 1026 Australians aged 14 and over.

While most Australians remain optimistic about their own personal futures (with little change between 1988 and 2005), the proportion saying quality of life in Australia in about 15 years' time would be better fell from 30 per cent in 1988 to 23 per cent in

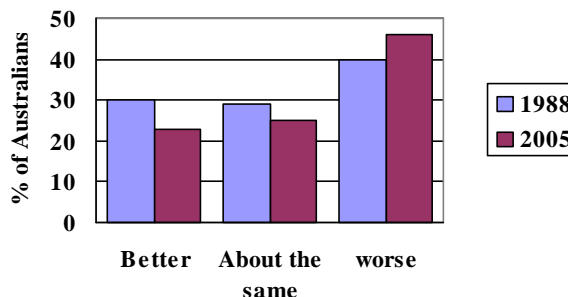
2005, while the proportion that said it would be worse rose from 40 to 46 per cent (see Figure 1).

Comparing results for young people over the three surveys suggests the rise in concern has occurred after 1995: figures for those thinking quality of life would be worse were 36, 34 and 49 per cent, respectively.

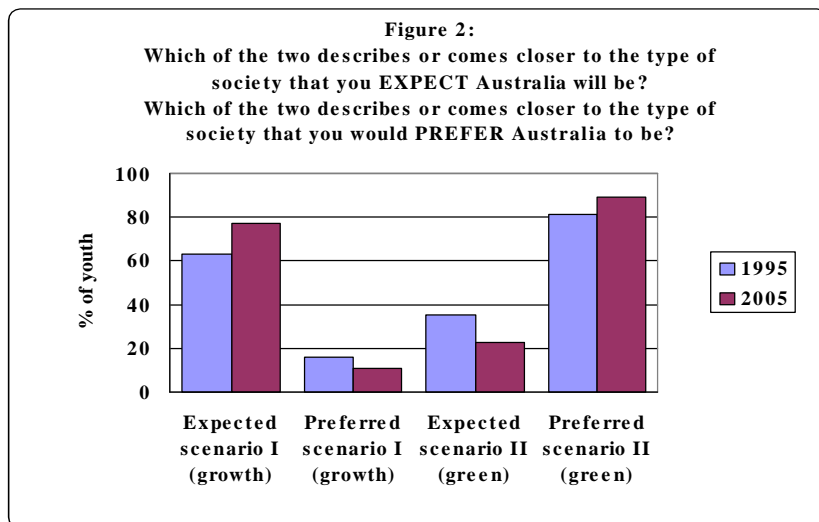
Respondents were offered two positive scenarios of Australia's future – one focused on individual wealth, economic growth and efficiency and enjoying 'the good life' ('growth'), the other on community, family, equality and environmental sustainability ('green'). Seventy three per cent said they expected the former to prevail, but 93 per cent preferred the latter.

On the basis of the findings for youth, this gap between expectations and preferences has widened since 1995. The proportion of young people who expected the 'growth' scenario increased from 63 to 77 per cent; that preferring the 'green' scenario increased from 81 to 89 per cent (see Figure 2).

**Figure 1: Thinking about Australia in 15 years time, that's the year 2020, do you think that our overall quality of life will be better than it is now, worse than it is now, or about the same?**



Note: Time period was adjusted for each survey to ask about expected quality of life 15 years ahead.



**Scenario I** ('growth'): A fast-paced, internationally competitive society, with the emphasis on the individual wealth generation and enjoying 'the good life'. Power has shifted to international organisations and business corporations. Technologically advanced, with the focus on economic growth and efficiency and the development of new consumer products.

**Scenario II** ('green'): A greener, more stable society, where the emphasis is on cooperation, community and family, more equal distribution of wealth, and greater economic self-sufficiency. An international outlook, but strong national and local orientation and control. Technologically advanced, with the focus on building communities living in harmony with the environment, including greater use of alternative and renewable resources.

Optimism about the future of the world also appears to have slumped. Asked to choose between two statements about the world in the 21st century, only 23 per cent thought it was likely to be 'a new age of peace and prosperity'; 66 per cent opted for 'a bad time of crisis and trouble'.

For young people the proportion choosing the optimistic scenario fell from 41 to 16 per cent; that choosing the pessimistic scenario went from 55 to 65 per cent. Given the similarities in responses across age groups, the sharp drop in optimism about the world is likely to be true for all ages. This is perhaps unsurprising given that several of the specific concerns cited in the pessimistic scenario have become a reality of today's world.

**Statement 1** (optimistic): By continuing on its current path of economic and technological

development, humanity will overcome the obstacles it faces and enter a new age of peace and prosperity.

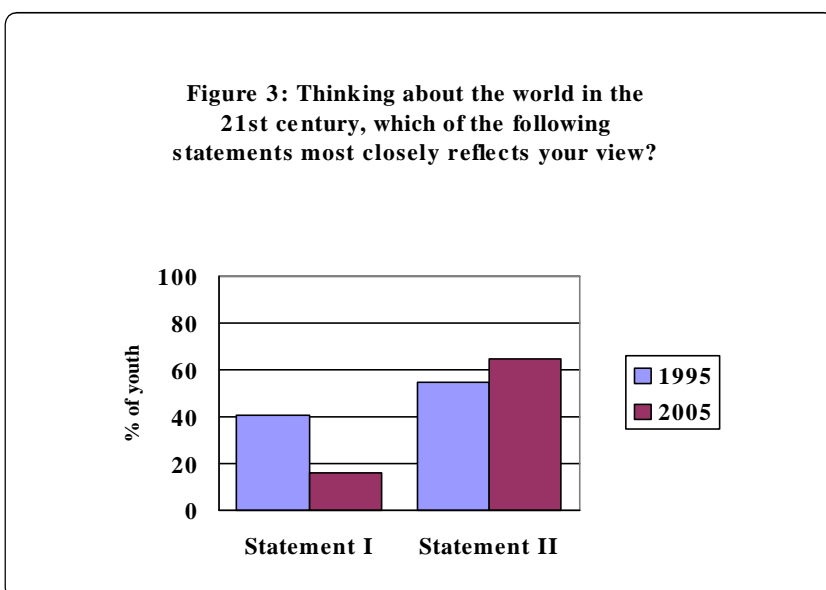
**Statement II** (pessimistic): More people, environmental destruction, new diseases and ethnic and regional conflicts mean the world is heading for a bad time of crisis and trouble.

From an orthodox political view, the findings of high and increasing concern about quality of life in Australia, and the widening gap between expected and preferred futures for Australia are striking, given the sustained good economic news over this period.

The results reveal the deepening rift between political action, with its focus on economic indicators, and public opinion about quality of life. They are consistent with those of the 2005 *Mind & Mood* report from Ipsos Mackay, which found a growing concern about the state of Australian society – rougher, tougher, more competitive, less compassionate – that was producing stress, edginess and a feeling of personal vulnerability. Australians felt 'we seem to be lurching from one difficulty to another with the prospect of a serious crisis emerging'.

Our politics is lagging far behind both scientific evidence and public opinion on what makes life worth living – a dangerous development for democracy. Money and what it buys constitute only a part of what makes for a high quality of life. And the pursuit of wealth can exact a high cost when it is given too high a priority – nationally or personally – and so crowds out other, more important goals. This survey, like others, shows that Australians feel that, as a nation, we are making this mistake.

Overall, the results suggest a profound loss of faith in a future constructed around notions of material progress, economic growth and scientific and technological fixes to the challenges of this century. People no longer believe in the 'official story' of the future on which governments base their policies. ■



# School vouchers and educational equity

***A forthcoming paper by Andrew Macintosh and Deb Wilkinson provides an evaluation of the arguments and evidence relating to voucher schemes as a means of funding school education.***

In the 1950s, Milton Friedman wrote a controversial article that challenged the role of government in education. While acknowledging the benefits associated with ensuring that all children receive a 'minimum amount of education' and reluctantly accepting that the state should subsidise schooling, Friedman rejected the idea that education should actually be provided by governments.

Founding his arguments on the principle that freedom of the individual should be society's ultimate objective, he suggested that the solution to the conundrum posed by primary and secondary education is that:

[g]overnments could require a minimum level of education which they could finance by giving parents vouchers redeemable for a specified maximum sum per child per year if spent on 'approved' education services.

Friedman's article has spawned nearly half a century of passionate debate around the world about how to fund and administer schools.

In Australia, the idea of vouchers has regularly emerged into public debate only to subsequently disappear off the political radar. However, since 2000, right-wing think tanks, including the Centre for Independent Studies (CIS) and the Institute for Public Affairs, have launched a sustained campaign for the introduction of a voucher scheme.

These institutions have produced numerous articles belittling public schools, celebrating the virtues of choice and advocating vouchers as a means of releasing a new wave of educational advances and wellbeing.

The Federal Government has not publicly embraced the idea of a voucher scheme, preferring to adopt a quasi-voucher scheme by stealth. Since January 2001, recurrent grants to most independent schools have been made on a per student basis according to the socio-economic status (SES) of the school community.

General recurrent grants to government and Catholic schools are also determined on a per student basis, although the SES model is not used and funding is allocated to the administrators of the school systems

rather than being provided directly to the individual schools.

This funding system has ensured that 68 per cent of Commonwealth funding is directed to the non-government school sector, notwithstanding the fact that only 32 per cent of students attend these schools.

## Mounting pressure

Supporters of vouchers in the right-wing think tanks have not been pacified by these changes. The pressure is now on to shift to a fully-fledged school voucher scheme in which all parents would be provided with a voucher worth the same sum of money that they could use at the school of their choice. Alternatively, voucher proponents suggest that the voucher amount could vary according to socio-economic, geographic and personal factors.

To justify such a change, choice advocates typically rely on four arguments.

Firstly, they suggest that vouchers will encourage greater competition and the expansion of private schools, which will result in improvements in education outcomes.

Second, they argue that voucher-induced competition would lead to a better fit between the preferences of parents and the services provided by schools.

Third, it is claimed that vouchers will lead to better educational, social and parental outcomes because parents are best placed to determine the needs of their children and greater choice will generate higher levels of parental and student investment in education.

Finally, some choice supporters argue that vouchers are fairer because they ensure all parents receive an equal subsidy – the idea being that equity



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demands that everybody receives the same amount of government assistance rather than the level of assistance being based on the needs of the recipient.

The domestic voucher advocates have been unable to support their claims of superior outcomes with hard evidence. At the same time, they have been patronising and dismissive of those who object to their proposals. For example, Jennifer Buckingham from the CIS, and for a time the schools editor of *The Australian*, has accused opponents of vouchers of providing ‘knee-jerk responses’ and hurling ‘vitriolic abuse’ at choice advocates.

### Examining the evidence

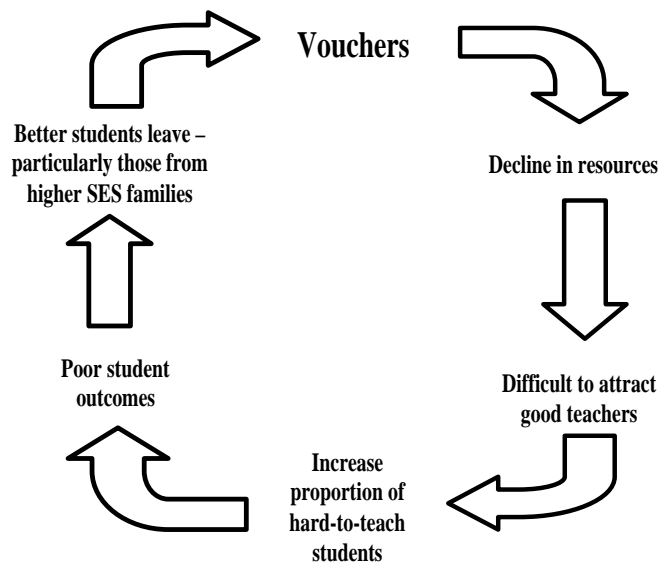
The forthcoming Institute discussion paper, *School Vouchers: An evaluation of their impacts on educational outcomes* analyses the evidence that is available on the effects of vouchers, while also estimating how much vouchers would cost the government. This analysis reveals that the data do not support the lofty claims made by voucher proponents. In fact, it lends support to those concerned about the risks vouchers pose to the education system.

Some of the conclusions from the study are as follows.

Firstly, a universal voucher scheme would require a substantial increase in government funding for schools. The magnitude of the increase would depend on the type of scheme adopted, but any viable universal and flat-rate system would require a sizeable increase in funding.

Second, a universal flat-rate voucher scheme would favour well-off private schools over public schools and poorer private schools. If the scheme were confined to the federal-level (i.e. state funding mechanisms were left unchanged), vouchers would increase funding to public schools considerably (at least in the short-term).

### Vicious cycle triggered in disadvantaged schools by universal vouchers



However, a federal-level scheme is unlikely because of the negative effects on poorer private schools and the fact that choice advocates want all federal and state funding systems to be replaced by a voucher scheme.

Third, a universal voucher scheme is unlikely to result in a significant improvement in overall academic outcomes and there is a risk it could ultimately reduce overall student performance because of negative peer effects in under-resourced schools, the emergence of sub-standard private schools and the widening of the resources gap between both government and non-government schools, and wealthy and poor private schools.

It is important to emphasise that the data do not provide definitive answers as to whether a universal voucher system would improve or worsen overall student outcomes. The evidence goes both ways. Tellingly though, none of the research supports the conclusion that vouchers would result in a substantial improvement in academic performance. Where benefits have been identified, they have tended to be relatively small, and for every positive study there is a negative one.

### Vicious cycle

The fourth conclusion is that there is a significant risk that a universal

voucher scheme could result in greater sorting and segregation on the basis of academic ability and socio-economic status. Due to peer effects, the pooling of poor and hard-to-teach children in certain schools could lower academic performance amongst disadvantaged students.

The combination of declining resources and peer effects at disadvantaged schools could trigger a vicious cycle that results in the emergence of poorly performing, under-resourced sink schools and a widening of existing inequalities in student outcomes.

Finally, there is a significant risk that a universal voucher scheme could reduce the social capital benefits associated with schooling by triggering greater specialisation in schools, greater segregation on the basis of race, religion and socio-economic status, and greater geographic dispersal of students.

If the objectives of our education system are to maximise student development, harness social capital and ensure equality of opportunity, and to achieve these aims at least cost, school vouchers are not a viable option. Parental choice is a desirable aim, but not if it means sacrificing other important aims that are essential to an equitable, cohesive and educated society.

# Dealing with America

***A book by John Langmore, a founding member of the Institute Board, has recently been published. Entitled Dealing with America: The UN, the US and Australia (University of NSW Press, \$16.95), the following extract outlines the themes.***

The world is facing a momentous dilemma: how to cope with America's unprecedented military power, its claim to the unilateral right to use force pre-emptively and its hostility to much of the global institutional and legal system.

In 1945 America led the establishment of the United Nations and through it the system of international relations aiming to prevent military aggression. That system operated falteringly but with accumulating improvements until the end of the century.

Now the Bush administration asserts that American power so far exceeds that of all other countries, that the imperative of combating terrorism is so compelling, and that its policies are so well intentioned, that it can no longer be expected to accept the constraints of the multilateral system of treaties and institutions. These rationalisations for pre-emptive military aggression threaten the international system with anarchy.

The invasion of Iraq by the United States supported by Britain and Australia and without the agreement of the UN Security Council involved rejection of multilateral norms. Does this set a precedent? Do other countries have the right to attack another when they believe that it might become a threat? Have international relations reverted to pre-UN disorder? Or was the invasion of Iraq an aberration?

## **Dangers of 'destiny'**

The founders of the United States believed that they were called to be an example to the world, with a mission to be a light on the hill and to lead the world to freedom and democracy. This belief was later strengthened by the doctrine of America having a 'manifest destiny' to govern the continent and to spread its influence internationally.

With the growth of economic and military power these beliefs have been extended into a justification for global leadership, and a rationalisation for political and economic assertiveness.

The best hope for a more mature and less aggressive international engagement is the vitality of American public discourse.

This ideology of American exceptionalism is vigorously debated within the United States, and the best hope for a more mature and less aggressive international engagement is the vitality of American public discourse. America is also constrained far more than the supremacists yet recognise by the extent of global economic and political interdependence.

There are seeds of relative American decline in the excess of government expenditure – especially military – over revenue, of imports over exports, and in the resulting dependence on the savings of the rest of the world. The political and economic strength of Europe and the rapid growth of China and India are also reducing America's relative power.

Growing opposition in the rest of the world to American assertiveness will also be a constraint because the majority of Americans want to be liked and to cooperate with other countries.

## **Poodles can bite**

The book also considers the implications of this situation for Australia. The Howard government has chosen to mimic the Bush administration's ideology and

policies. Have the risks and costs to Australia from imitating the Bush administration been offset by the benefit of greater security? By adopting a unilateral approach to foreign policy, the Bush administration has made cooperation by autonomous countries more difficult because multilateral discussion has been eschewed. Australian experience suggests that compliance does not increase influence: it just makes Australia a pawn in American global strategy.

The book argues that Australian national interests have been damaged by acquiescence to American priorities. Australia's capacity to express its own international political, strategic, economic, and social priorities has been reduced.

Not only has Australia supported erosion of the political and legal bases of the international system, but neighbouring countries have been antagonised and Australia's ability to contribute to collective security and global development has been undermined.

A major cost of compliance with American positions is that it has weakened Australia's standing at the United Nations.

Australia's flexibility to respond to rapid changes – to discontinuities in the international environment – has been reduced. A major cost of compliance with American positions is that it has weakened Australia's standing at the United Nations. Australians are more insecure as a result.

*Continued on page 16*

# Equality of opportunity in Australia

***Fred Argy outlines and responds to critical reactions to his discussion paper Equality of Opportunity in Australia: Myth and reality, released by the Institute in April.***

Australia has a well-targeted tax and social security system which does an excellent job of redistributing to the poorest 20 per cent of households. But it has to work harder to achieve good social outcomes because the distribution of earnings (before taxes and transfers) is more unequal here than in most other developed countries. These underlying structural inequalities are the focus of *Equality of Opportunity in Australia*. The paper attracted a lively on-line debate. Four areas of controversy are singled out for attention here.

## ***1. How are the present earnings inequalities viewed by Australians?***

Australians are strong believers in a merit-based market system – where everyone is rewarded according to effort and ability. So they accept the need for considerable earnings inequalities. But a majority see present inequalities as excessive. They rightly suspect that meritocracy is not working as well as it should. They are concerned about the barriers to upward mobility and want to see governments do more to equalise opportunities.

Many critics counter that there is little community support for further egalitarian policies. These critics rely heavily on one particular CIS/Nielsen survey which asked Australians what they thought of a society where ‘nobody gets an income bigger or smaller than anybody else gets’. Asked about such an extreme social goal, it is hardly surprising that the response was overwhelmingly negative.

When surveys ask Australians if present inequalities of incomes and opportunities are ‘too high’ and if they would be ‘prepared to pay higher taxes to pay for better community and public services’, they elicit a strong affirmative response.

## ***2. What is driving our high earnings inequalities?***

Existing social conditions that lead to inequality of opportunity for some Australians include: disadvantaged parental environments (such as lack of parental resources, education, networks), uneven distribution of employment opportunities (relative to both geographical location and skills), poor access to credit (impeding investment related to improving employment prospects), and poor access to health, education, adult training, low-cost housing and public transport.

The paper argues that some Australians are prevented from competing in the labour market on the basis of their inherent ability by conditions like these. As a result, without active intervention to alter such conditions, the market will fail to make the best use of human resources.

In contrast, the critics argue that poverty, low income, joblessness and under-employment are, for the most part, self-inflicted or reflect personal choice. However, this argument that people stuck in the basement are all there through their own fault lacks empirical conviction.

## ***3. Will further government intervention really improve mobility?***

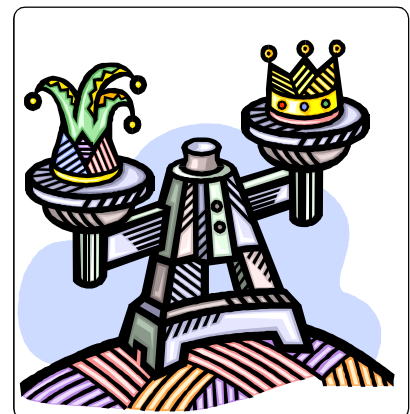
The active social programs I advocate include: early childhood intervention; improved public education; more support for public hospitals, community health care and sickness prevention; increased investment in public housing and urban and regional infrastructure; employment enhancement programs; policies to reduce asset poverty; and measures to reduce work disincentives.

The main concern of critics is that such programs will do little to improve income mobility. Yet the international experience is clear: active social programs do make a real difference to people’s lifetime achievements and opportunities. It is true that some employment-enhancement programs have a mixed record. But if they are carefully targeted, implemented early in the jobless spell and supplemented with action to improve literacy, they can pay off handsomely.

## ***4. What about the economic costs?***

Unfortunately, active social programs require higher taxation to fund them, and this may alter people’s behaviour in undesirable ways. For example, higher taxes may reduce the incentive to work or to save. In the paper I outline nine principles that, if followed, would minimise such economic costs. But even allowing for some such economic costs, overseas experience suggests that in the long term, well-implemented active social programs can provide economic returns that justify the investment required.

In fact, even if Australian investment in such programs proved not to be justifiable on economic grounds alone, adding the social benefits into calculations makes it likely that such investment would still be justifiable in broader political terms. We must remember that the economy exists to serve society, not the reverse. ■



# A new approach to Kyoto

**Frank Muller provides an overview of Competitiveness and Carbon Pricing: Border adjustments for greenhouse policies, recently released by the Institute.**

The Australian Government has justified its failure to ratify the Kyoto Protocol and implement a carbon tax or emissions trading by arguing that doing so would have an unnecessarily adverse and disproportionate impact on the Australian economy. This would occur because of Australia's heavy dependence on emissions-intensive industries.

As a result, it is argued, capping Australia's emissions and pricing carbon will cause emissions-intensive industries to be moved to developing countries not subject to limits under the Kyoto Protocol, a phenomenon known as carbon leakage.

In a new Australia Institute discussion paper, Hugh Saddler, Frank Muller and Clara Cuevas show that a carbon tax or emissions trading would have very little impact on production costs for most sectors of the Australian economy.

The risk of carbon leakage applies to just a few sectors that are emissions-intensive and exposed to competition with countries not subject to Kyoto's emissions limits (i.e. USA and developing countries). These industries include aluminium, alumina, steel, other non-ferrous metals, LNG and gold. They currently account for about 1.5 per cent of GDP and 19 per cent of merchandise exports.

The current policy of staying outside of Kyoto and not pricing carbon itself carries substantial economic risks.

The current policy of staying outside Kyoto and not pricing carbon itself carries substantial economic risks. First, it locks us out of the emerging



carbon markets, limiting both foreign investment in Australian clean technologies and plantations and opportunities for Australian companies in developing country projects.

Second, by insulating our economy from a carbon price, it retards the development of new clean industries and increases our future dependence on imported technology and expertise.

Third, it fails to preserve the competitiveness of Australia's coal exports (considerably greater in both export earnings and jobs than aluminium production), which will be subject to the emissions policies and taxes of importing countries.

Fourth, it exposes our exports of coal and emissions-intensive products to likely consumer and government preferences against climate 'free-riders'.

How could the competitiveness problem best be dealt with? The Australian Government has claimed for some years that seeking legally binding emissions limits for the major developing countries is the best response. This strategy failed in Kyoto and has not borne fruit since. It has seen the Government backed into a corner where Australia now, alone with the United States, refuses to ratify the Kyoto Protocol.

The Institute paper proposes a different approach: that Australia

ratify the Kyoto Protocol and implement a carbon tax or emissions trading, incorporating offsets that preserve the competitiveness of the industries at risk. Ideally, the offsets would be designed so that they might form the basis of a future multi-lateral solution to carbon leakage.

As a full and more respected participant in the international climate negotiations, Australia would be better placed to pursue a multi-lateral approach.

Most existing and proposed carbon tax and emission trading schemes incorporate some kind of special provision for energy-intensive industries. The main approaches are: wholesale exemptions of industry sectors; negotiated agreements; offsetting tax reductions; and financial incentives for energy efficiency improvements. The paper, however, proposes another approach, that of border adjustments.

A border adjustment would preserve the international competitiveness of energy-intensive producers.

A border adjustment would preserve the international competitiveness of energy-intensive producers while maintaining the carbon price signal within the domestic economy. Under the type of border adjustment most appropriate to Australia's circumstances, a rebate would be paid to aluminium exporters, for example, to offset the increase in production costs resulting from a carbon tax or emissions trading.

The rebate would only be paid for exported product. Aluminium

Continued on page 16

# Drug Laws: Ideology *versus* evidence

**Institute Deputy Director Andrew Macintosh provides an update on recent developments in national drug policy.**

Much has occurred since the Institute's discussion paper, *Drug Law Reform: Beyond Prohibition*, was released earlier this year. Unfortunately though, much of the movement from within the Federal Government has been in the wrong direction or, at best, has simply marked time in an unsustainable policy position.

The focus of the Government's attention in recent times has been on cannabis. The Prime Minister, Tony Abbott and Christopher Pyne have all been actively involved in a campaign designed to whip up panic and moral outrage about the evils of cannabis and the need for harsher laws to stamp out its use.

The posturing on this issue began in earnest late last year but, as 2006 has progressed, the Government's intentions are becoming increasingly clear.

As 2006 has progressed, the Government's intentions are becoming clearer.

## Weeding out cannabis

When the Council of Australian Governments announced that it would prepare a new national strategy on mental health in February, the Prime Minister was keen to emphasise his Government's desire to clamp down on cannabis use.

In the budget, the Treasurer announced that the Government would provide \$14 million over four years for the establishment of a National Cannabis Control and Prevention Centre. Although details of the Centre are sketchy, it appears it will attempt to warn young people of the dangers associated with cannabis.

Following the budget came the announcement that the Ministerial Council on Drug Strategy endorsed a new National Cannabis Strategy. Christopher Pyne has described the strategy as focusing on 'reducing public acceptability of cannabis, providing education on the harms associated with use and investigating and encouraging treatment of cannabis addiction'.



The news that the Government will provide additional resources for prevention and treatment is welcome, but it is being provided within an abstinence-based framework that leaves little room for innovative policies that ease the punitive pressure on drug users.

The Government's strategy appears to be to provide a small increase in funding for prevention and treatment, while continuing with a modified form of prohibition that uses diversion programs to mitigate some of the adverse effects of drug law enforcement.

## Heroin down, ice up

Most alarmingly, the Government seems to want to get rid of the quasi-decriminalisation cannabis regimes in South Australia, Western Australia, the ACT and the Northern Territory. From the perspective of rational, evidence-based drug policies that aim to minimise the harm associated with

drug markets, such a move would be a retrograde step.

Amphetamine-type stimulants have also pushed their way onto the national stage with increasing recognition of the magnitude of the problems being caused by the rise in the potent forms of meth-amphetamines like 'ice' and 'base'.

The concern about methamphetamines is well-founded.

In late March, *Four Corners* broadcast a dramatic story called 'Ice Age' that seemed to spark greater media interest in methamphetamines and its associated social effects.

The concern about methamphetamines is well founded. While the Government has been busy patting itself on the back for the decline in heroin use, there has been a dramatic increase in the use of methamphetamines, which is having a profound effect on the community.

In the last decade, the use of methamphetamines has increased by around 60 per cent. Use of ice and base has risen even more dramatically. The proportion of injecting drug users reporting recent use of ice rose from 15 per cent to over 50 per cent between 2000 and 2004. Similarly, over the same time frame, there was a four to five-fold increase in the proportion of party drug users reporting recent use of ice.

## Mortality and violence

There are now an estimated 102,600 regular methamphetamine users in Australia, of whom around 72,000 are thought to be dependent. Compared to heroin and other opiates, methamphetamines are not a major cause of death, but they are a major cause of mental illness, violence and crime.

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# The truth about wind farms

***In recent months groups opposing wind farms have been emboldened by Federal Government decisions to oppose wind farm developments. However, as Christian Downie and Andrew Macintosh argue, the debate surrounding wind farms has been muddied by vested interests and fallacious claims.***

Community opposition to wind farms is heavily influenced by a network of anti-environmental activists, some with links to the fossil fuel and nuclear industries. This helps to explain why apparently independent local opposition groups reproduce the same misinformation and distortions about wind power.

As recent events surrounding the proposed wind farms at Bungendore in New South Wales and Bald Hills in Victoria have shown, this wave of disinformation aimed at bamboozling affected communities crowds out legitimate debate about the pros and cons of wind energy.

Most opponents of wind farms seem to have no understanding of the threat posed to their local areas let alone the entire globe by climate change caused by burning fossil fuels. While often claiming to be concerned about the environment, in campaigning against wind farms they close their eyes to a far larger threat looming on the horizon.

In 2030 droughts will be 70 per cent more frequent.

A 2004 CSIRO report into climate change in NSW predicts that in the worse case scenario the average number of days above 35 degrees Celsius will increase by 50 to 100 per cent in 2030. In 2030 droughts will be 70 per cent more frequent in NSW and there will be a general rise in extreme rainfall conditions and mean wind speeds.

There is only one way to avoid the worst effects of climate change and that is to sharply reduce our greenhouse emissions, which in Australia have been sky-rocketing



due mainly to burning coal in power plants and petrol and diesel in vehicles. This will require both a reduction in energy use and a shift to non-carbon-intensive energy sources.

Wind energy is currently one of the best sources of non-polluting energy. Australia has excellent wind resources by world standards and is in a perfect position to harness these resources as an alternative clean energy source.

However, vocal opposition groups backed by a willing Government are making the development of wind farms in Australia much more difficult than necessary. While the Federal Government relies on tendentious argument to support its case, opposition groups rely on misinformation and scare campaigns.

Here we comment on some of the arguments made by the anti-wind farm groups.

## ***Wind energy is not competitive***

Wind energy is competitive with all sources of electricity other than coal and gas, which enjoy a huge subsidy because those who burn them to make electricity are not required to pay for the environmental damage they cause. In Europe there is more of a level playing field and investors have turned wind energy into the fastest

growing source of electricity in the world.

## ***Wind turbines generate significant noise***

Noise problems have also been exaggerated. Modern wind turbines are very quiet; from one kilometre away, they are barely audible. In fact, it is possible to hold a normal conversation at the base of a modern wind turbine without raising your voice. Overseas studies show that the overwhelming majority of people who live in close proximity to wind farms aren't perturbed by the noise they make.

## ***Wind turbines kill large numbers of birds***

Wind turbines do kill birds but numerous the evidence suggests the numbers lost due to bird strike are relatively low. A Federal Government study into a proposed wind farm at Bald Hills in Victoria estimated that less than one bird per year was at risk of death. In fact the UK *Royal Society for the Protection of Birds* supports wind power and views 'climate change as the most serious threat to wildlife'.

To put the threat to birds into perspective, land clearing in Queensland is estimated to kill around 8.5 million birds each year. Similarly, in Toronto, Canada, it is estimated that 10,000 birds collide with the city's tallest buildings every year.

## ***Wind farms pose a fire hazard***

There have been only two fires in wind turbines in Australia. One involved obsolete technology in the 1990s, the other occurred recently in South Australia. The causes of the latest incident are still being investigated, but it was quickly contained. Fires on wind farms are virtually unheard of.

# Terror in the skies

***In a report released in April, USA - Below the radar: Secret flights to torture and disappearance, Amnesty International researchers meticulously pieced together evidence that reveals an unprecedented degree of systemic human rights abuse by the USA. Katie Wood explains***

Extraordinary rendition is the term coined by the US Administration to describe the act of illegally abducting individuals and flying them from one country to another in order to face torture, thereby side-stepping US regulations prohibiting the use of 'cruel and unusual' punishment. The procedure might more accurately be described as outsourcing torture.

'Extraordinary rendition' takes place completely outside of the rule of law and is orchestrated by the US Central Intelligence Agency (CIA) using a fleet of small business jets registered to fictitious companies.

Individuals are flown to 'black sites', top secret US facilities that have been constructed in an unknown number of locations around the world. These sites are purpose built to enable the US to hold and interrogate individuals without charge, under extreme duress.

The practice of extraordinary rendition is so secret that it is unclear when it first began, but it does appear that its use has expanded dramatically under the Bush Administration. Over the past few years, Amnesty International has catalogued the experiences of dozens of individuals who were flown to foreign prisons to face torture.

From these reports, as well as records of the number of secret CIA flights, it is clear that hundreds of people have been abducted in this way – and many are still in detention and being subjected to torture.

Mamdouh Habib is a 49-year-old Sydney resident who experienced 'extraordinary rendition' for a period lasting for over three years. In late 2001, he was grabbed, restrained and hooded near the Pakistani-Afghan border by unknown English speaking men with American accents, and then

flown to Egypt where he was subjected to numerous forms of torture: being hung from hooks, beaten, given shocks from an electric cattle prod, and threatened with dogs.

In Egypt he was also forced to endure three torture chambers. The first was filled so high with water that he had to stand on tiptoe for hours to avoid drowning. The second had a low ceiling and two feet of water, forcing him to assume an agonising crouch. The third contained just a few inches of water, but was within sight of an electric generator that he was told would be used to electrocute him.



After six months of this inhuman abuse, he was covertly transported to Afghanistan and then to Guantanamo Bay, where he was held for nearly three years before being released without charge to return to his wife and children in Sydney.

Attention given by the Australian media to Mamdouh Habib's experiences has rarely highlighted that these are just the tip of the iceberg.

Beyond the horrific effects of human rights violations on individuals and their families lies the fragility of all democratic freedoms when human rights can be systematically violated with the consent of the government, as they are in this case.

Moreover, the global influence of the USA means that many other nations look to it for guidance as to what is and isn't acceptable in the treatment of detainees, so its actions in this area have far-reaching implications.

Amnesty International is calling on the US government to immediately:

- disclose the location and end the use of secret detention centres;
- publish the names of those held in secret detention;
- end the practice of abducting people to countries where they risk torture; and
- release and compensate all 'war on terror' detainees in US custody, or else charge them with internationally recognisable criminal offenses and give them fair trials.

Katie Wood is the campaign coordinator for the Human Rights and Security Campaign at Amnesty International Australia. For more information about this campaign and events in your region, or to make a donation to Amnesty's campaign, please go to [www.amnesty.org.au](http://www.amnesty.org.au). ■

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# Institute notes

## New Publications

E. Rush, *Child Care Quality in Australia*, Discussion Paper No. 84, April 2006.

F Argy, *Equality of Opportunity in Australia*, Discussion Paper No. 85, April 2006.

H. Saddler, F. Muller and C. Cuevas, *Competitiveness and Carbon Pricing: Border adjustments for greenhouse policies*, Discussion Paper No. 86, May 2006.

A. Macintosh and C. Downie, *Cross-Media Ownership: New media or more of the same?*, Web Paper, May 2006

E. Rush and C. Downie, *ABC Learning Centres: A case study of Australia's largest child care corporation*, Discussion Paper No. 87, June 2006

## Forthcoming Publications

A. Macintosh and D. Wilkinson, *School Vouchers*

M. Hamilton and C. Hamilton, *Baby Boomers and Retirement*

C. Hamilton, *Who Listens to Alan Jones?*

E. Rush and A. La Nauze, *The Sexualisation of Children*



## MEMBERSHIP RENEWAL TIME

Memberships expire on June 30th of this year. To renew your membership, please fill in the enclosed membership renewal form or go to our website at [www.tai.org.au](http://www.tai.org.au) and you can renew on-line using our secure payment facility.

*New media Continued from p. 4*

The media proprietors are the major driver behind the decision to reform the existing rules. They stand to benefit greatly from the changes and have been pushing them for the better part of 15 years.

The Australian media is already heavily concentrated by international standards, and the Government proposal would only make it worse. Media diversity always has been and always will be tied to diversity of ownership.

*Dealing with America Continued from p. 10*

By adopting a more independent, principled and nuanced stance, Australia would support the large body of opinion within the United States which accepts the imperative of global cooperation.

*Australia and Kyoto Continued from p. 12*

consumed domestically would remain subject to the price signal. A similar adjustment, in this case a levy, could

be applied to imported energy-intensive goods to offset any significant carbon price disadvantage faced by competing local producers.

Border tax adjustments are a common feature of tax systems, including Australia's goods and services tax and European value added taxes. The United States has implemented border adjustments for two environmental taxes, the ozone-depleting chemicals tax and the Superfund chemical excises.

Assessed against a range of criteria including effectiveness in offsetting competitive effects, maintaining environmental integrity, minimising economic costs, ensuring administrative simplicity, maintaining fairness and contributing to an international solution to the problem of carbon leakage border adjustment is the most promising policy option for Australia.

*Drug Laws Continued from p. 13*

The rise in use of amphetamines and other synthetic drugs is the subject of a current Parliamentary inquiry. The terms of reference for the inquiry mention the adequacy of existing laws and administrative arrangements and strategies to reduce the market for these substances.

The Australia Institute has made a submission to the inquiry and appeared before the Committee in early June. In keeping with the theme of the Institute's discussion paper, the submission emphasises the futility of prohibition and the need to invest more heavily in prevention and treatment programs.

In the current climate, the members of the committee will no doubt be reluctant to accept our suggestions, but there is a need to continue to try to educate those in positions of power.