

PUBLIC SERVANTS,  
INTEREST GROUPS AND POLICY MAKING

Two Case Studies

R.F.I. Smith  
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Occasional Paper No 12

Department of Political Science  
Research School of Social Sciences  
Australian National University

Canberra  
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## PREFACE

This monograph began as a paper entitled 'Cases in Policy Formulation' prepared for the Royal Commission on Australian Government Administration. We are grateful to the Royal Commission for inviting us to prepare the paper and for permission to publish it in revised form.

Many people helped us gather material by providing documentary sources, granting interviews, or simply telling us where to look. We wish to thank the members of Parliament and officers of the Australian Public Service who assisted us and also many others including past and present officers of the Schools Commission, Australian Council of State School Organisations, Australian Wheatgrowers' Federation and its constituent organisations, and the Pastoralists and Graziers' Association of Western Australia. As all interviews were held on a non-attributable basis we cannot acknowledge by name the people who helped us so freely in this way, but we would like them to know that we are conscious of our debt to them.

The general form of the monograph is our joint responsibility, but Weller takes primary responsibility for material on the introduction of the Schools Commission and Smith for material on the introduction of wheat quotas. A number of people helped by commenting on earlier versions of the monograph, especially members of staff of the Royal Commission on Australian Government Administration and Professor R.S. Parker and members of the Department of Political Science, R.S.S.S. We would also like to thank Gillian O'Loughlin, Gillian Evans and Beverley Lloyd for assistance with research and Kath Bourke, Mary Pearson and Karen Votto for typing.

R.F.I.S.  
P.M.W.

## INTRODUCTION

This paper incorporates two case studies of policy formulation in the federal government leading in one case to the passage of legislation and in the other to the substantial avoidance of federal legislation. The cases are the establishment of the Schools Commission in 1973 and the introduction of delivery quotas for wheat in 1969. The cases chosen have no claim to representativeness. But they are not trivial; both are drawn from significant, contentious and expensive areas of public policy. Moreover case studies allow analysis of dynamic and complex factors involved in the making of policy. They do not simply take a snap shot of one face of a moving process. The representativeness gained by some behavioural studies is representative of only one dimension: the universe of cases involved. It is not representative of, nor are such studies very illuminating about, forces acting through time in a variety of contexts.<sup>1</sup>

The purpose of the paper is illustrative and exploratory. It examines, through these cases, the ways in which individuals and organisations identified issues as subjects for decision, the factors that prompted them to do so, and the resources they deployed and the constraints they encountered in attempting to shape means for dealing with the issues raised. The cases are complementary; comparisons across time and subject matter can be made. Such comparisons may take into account the social and economic contexts of the times; differences in the style and objectives of the parties in office in 1969 and 1973; the different roles of strategic individuals; the roles of interest groups; and the various stages at which public servants were drawn into policy making processes and the roles that they took. Many others could be suggested. In this study we will be interested principally in the roles of interest groups and public servants.

The processes of policy making are often divided analytically into a number of phases. Such phases may include: the identification and definition of problems; the selection and comparison of policy alternatives; the choice of policy; policy implementation; policy



evaluation; and policy termination.<sup>2</sup> These processes are cyclical; one man's outcome is another man's problem for definition and decision. They are also often untidy; the phases do not necessarily take place consecutively and some of them may be intermingled. For example problems of implementation may lead to a questioning of earlier formulations of policy and the discovery of new issues that need to be settled. In such cases steps towards implementation and the identification and definition of problems may proceed simultaneously.

Public policy consists of continuing patterns shaped both by deliberate decisions and by the unplanned interplay of political and environmental forces. The sources of policy include individuals and organisations who attempt to shape policy to their own design, past patterns of policy, the political processes and structures through which policy proposals pass, and the political and social environment in which relevant activity takes place. Public policy is not simply an aggregation of decisions and programmes; it is wider than the results of discrete decisions and it does not necessarily have the coherence and definition of a programme. It includes non-purposive as well as purposive elements and unintended as well as intended effects. Public policy is something that individuals and organisations seek to shape but which also has a momentum of its own.<sup>3</sup>

The influence on policy of the political and social environment in which it is made is strong, but where policy makers are active, well-organised and have relevant resources, they can help to shape the environment in which they operate.<sup>4</sup> Critical factors include the numbers of actors involved and the nature of their relationships, the quality and extent of their information and intelligence, the factors that leading actors choose to take notice of, the nature of the problems identified and the specificity of the objectives outlined, the nature of the political and other resources available, and the skill and sensitivity with which these are applied. The problem for policymakers is to maximise their influence on fluid and complex situations while themselves being subject to the impact of these situations.

Policy problems are often not easy to define. They give rise to competing or ambiguous stimuli; that is, they are often 'wicked' problems, where the process of defining them is itself the problem.<sup>5</sup> As Sir Geoffrey Vickers has argued, the process of combining reality judgments and value judgments in an appreciation of social problems is far more difficult, than that confronted by engineers:

The difference between the engineering model of ... regulation and the institutional model which I am concerned to develop lies primarily in the fact that in institutional behaviour the concept of what relations should be regarded as regulable, the standards by which they should be regulated, and the ways of reconciling the inconsistent demands which they generate, are neither constant nor given but are themselves a function of the process which they are supposed to govern.<sup>6</sup>

Not only are policy problems subject to changeable definitions, but points where influence can be applied and details of relationships between important variables are often poorly understood. Policy cannot be shaped in the way that a ship can be steered, a machine directed, or an electronic system controlled.<sup>7</sup> Frequently there are only dubious links between the factors manipulated by policy makers and the results. The results do not even come out as *if* there were clear causal links. Thus policy makers find it difficult to bring together the right mixture of objectives, resources and activity. They can formulate and solve technical problems of impressive magnitude, but the social and economic problems of most interest to ordinary citizens tend to be stubborn and intractable.

Further both governments and private interests are composed of distinct institutions and individuals. While a strategic individual, or an organisation with a high degree of internal coherence, can attempt to make policy in a considered and consistent way, where a number of actors are involved the process is more complex. Each brings to policy problems a separate

definition and separate interests. Differences and conflicts are resolved not only by rational argument about the merits of the case but by bargaining and mutual adjustment. Attempts may be made to moderate, remove or conceal this process by constructing centralised and hierarchical machinery of co-ordination. Such attempts often fail. Another approach is to let the separate forces test their strength and come to an accommodation. As C.E. Lindblom has argued partisan mutual adjustment does not necessarily lead to policy that is poorly co-ordinated.<sup>8</sup>

Many models of policy making emphasise the obstacles to the rational treatment of problems arising in society. Lindblom's propositions about disjointed incrementalism are widely accepted as an accurate description of the way in which many policy makers actually proceed. In this process the selection of ends and means takes place simultaneously, policy is made in small and tentative steps, and the test of a good policy is that participants agree on it.<sup>9</sup> However, as a strategy for making policy, it depends on the acceptability of existing patterns of policy to policy makers and their supporters, continuity in the nature and definition of problems, and continuity in the resources available for dealing with them. As these factors are variable, often markedly so, disjointed incrementalism has obvious disadvantages as a guide to action.<sup>10</sup> But it remains the basis from which many suggested improvements have to proceed.

A further perspective, overlapping with Lindblom's, is given by J.P. Olsen. He suggests that choice opportunities in policy making may be viewed as 'a garbage can into which various kinds of problems, solutions and participants may - or may not - be dumped.'<sup>11</sup> Olsen's perspective is designed particularly to take account of cases where problems are defined ambiguously and participants in decision making have many other calls on their time. He states:

A major feature of the garbage-can process is the partial decoupling of problems and choices. Although we think of decision-making as a process for solving problems and conflicts, that is often not what happens. Problems are worked on in the context of some choice, but choices are

made only when shifting combinations of problems, solutions, choice opportunities, and decision-makers happen to make action possible. Quite commonly this occurs either after problems have left a given choice arena or before they have discovered one<sup>12</sup> ...

Policy makers who wish to produce intended effects are thus faced with the difficulty of attempting to regulate the timing and processes by which the four streams come together.

But emphasis on the limitations to purposive action by governments must not be carried too far. There are many specific areas where governments have the ability to play a conscious and decisive part in what happens. These areas are the ones within which alternative increments of policy are possible and where, at least at the margin, problems are manageable and can be defined. It must be noted that governments may also choose to commit their resources against making policy changes, that is they may emphasise the maintenance rather than the making of policy.<sup>13</sup> However attempts at policy maintenance may require such energetic action that fresh departures are nevertheless made.

Whether governments are grappling with 'wicked problems', or with more manageable issues, the condition and workings of the institutions and processes of government are important to understanding policy outcomes. They are not something to be taken for granted on a diagram between inputs and outputs. Thus studying these topics can contribute to proposals for making 'better' policy. In particular such studies can help to distinguish between cases where institutional and procedural adjustments might have beneficial effects and where the problems faced by governments go beyond the reach of such measures.

In the following cases governments are seen to get their way. They are shown operating vigorously and effectively in separate portions of policy areas. But it must be remembered that both cases are also parts of wider patterns which are more difficult to control.

## References

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- 3 On these points see Heclo, *op.cit.*, and also John Dearlove, *The Politics of Policy in Local Government*, Cambridge University Press, 1973, and Hugh Heclo, *Modern Social Politics in Britain and Sweden*, New Haven and London, Yale University Press, 1974, chapter 1. Some of the points in this and the following paragraphs are also canvassed in Patrick Weller and R.F.I. Smith, 'Setting National Priorities: The Role of the Australian Government in Public Policy', paper presented to a conference organised by the Centre for Research on Federal Financial Relations, A.N.U., Canberra, August 1975.
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- 10 Yehezkel Dror, 'Muddling Through - "Science" or Inertia?', in Etzioni, *op.cit.*
- 11 J.P. Olsen, 'Public Policy-Making and Theories of Organizational Choice', *Scandinavian Political Studies*, vol. 7, 1972, p. 46.
- 12 *ibid.*, p. 56.
- 13 For a valuable discussion of this distinction see Dearlove, *op.cit.*

ESTABLISHMENT OF SCHOOLS COMMISSION

The Schools Commission Act 1973 received royal assent on 19 December 1973, after a stormy passage through parliament. That bill finally established a schools commission. The idea of a commission had been mooted for some decades and it had been suggested and proposed regularly by the Australian Labor Party in the previous few years. It was a politically contentious measure that received wide publicity, roused bitter and varied debate and marked an important, if incremental, step by the federal government into the sphere of state and private education. Three factors dominated the debate and the shape of the bill. First, it was a piece of legislation that was based on a direct explicit election pledge. That pledge was enshrined in the Labor party platform and was made a major plank of the 1972 platform. Secondly, the bill had to be based on the original terms of reference of the Interim Committee and, to a lesser extent, on that body's report. Its companion bill, the States Grants (Schools) bill, was even more directly tied to the Interim Committee's report. Finally the bill faced considerable opposition, and public servants were often heavily involved in the consideration of alternatives to end the parliamentary deadlock which had occurred.

This chapter will pay particular attention to three factors; the constraints that pre-determined electoral policy places on those required to turn pledges into performances, the role of the departmental officials in the implementation at all stages of the bill, and, to a lesser extent, the external pressures caused by groups with an interest in the shape and administration of the commission. State governments will merely be one of the interest groups considered in the last category.



## The Electoral Pledge: Its Origin And Development.

The problem of whether state aid should be given to non-government schools had been in the decade before 1969 a cause of great division within the Labor Party. The opposition was based partly on sectarian bitterness, and partly on a rationalist belief that only state schools should benefit from general taxation. On the other side were those who argued that as the Labor Party was, and ought to be, a class party, it should help those that were poor and needed education, regardless of their religion.

The internal conflicts of the Labor Party were exacerbated by the decision of the Menzies Government in the 1963 election campaign to begin the direct funding of independent schools by the grants to science blocks and later libraries. Opposition to state aid was bitterest in the Victorian branch of the party and it was this issue which was later to contribute to intervention by the federal executive into the Victorian branch. The principle of state aid had been accepted by the 1966 conference, with Whitlam as one of its leading advocates. But before it was adopted Whitlam was almost expelled from the party and a special commonwealth conference was held to mend the most obvious divisions in the party.

The establishment of a Schools Commission had distinct advantages in attempts to bring about some unity within the Labor Party, particularly because by 1969 state aid had become electorally necessary, even if some sections of the party still viewed it as politically unacceptable. First, on the constructive side, Whitlam argued that educational expenditure should be decided on a consistent and regular basis, not

as the result of an *ad hoc* policy which was dependent for its impetus on the erratic electoral pressure of interested groups. As a firm supporter of the Australian Universities Commission, he saw no reason why a similar group of experts from various fields should not be responsible for determining the needs of schools. Further, with his broad view of the use of Section 96 grants, he clearly considered that the federal government would be able to set the pace and direction of new programmes in the educational field. On the more directly party political side, the party platform committed the commission to recommend grants to both government and non-government schools, thus undertaking for the first time a national assault on educational underprivilege. This change of emphasis made it easier for those members of the party who opposed religious education to accept and support the new platform.

The proposal was finally accepted by the 1969 conference of the Labor Party, although not without dispute. It was presented to the Conference as a recommendation of the education committee of the party. During the committee stages the main debate had been on the question of whether the commission should be responsible for determining grants to government and non-government schools. Despite determined opposition, Beazley and Whitlam, both members of the committee, managed to retain the words 'and non-government' in the resolution and the committee's recommendation was later accepted by conference.<sup>1</sup>

As in 1966 Whitlam had played a major part in having the proposal for a commission adopted by conference. In the months before the conference he had waged a lengthy public campaign to gather support for the proposal. He addressed meetings of the Parents and Citizens Association of both independent and state schools, emphasising the value of the concept in the future of education on a national scale. The conference decision, with its variety of political and educational implications, was the first major step in the progress of the Schools Commission.

In the next three years the proposal was defined, redefined and debated at length in parliament. On 19 August 1969 Whitlam declared

This parliament had an unprecedented opportunity to unite all the people behind a programme of Commonwealth aid to all schools. We could have destroyed this year for all time, the twin shibboleths of State Aid and states rights which have hindered educational advances for so long.

We propose therefore, as the first administrative action of an incoming Labor government, to establish a national schools commission, to do for all Australian schools what the Universities Commission is doing for Australian universities. The Commonwealth's constitutional and budgetary procedures for assisting schools through a commission have already been proved and accepted in regard to universities. No significant advance has been made since the War in any field requiring significant increases in public expenditure without Commonwealth initiatives. The Commonwealth should now take such initiatives not as the Budget proposes in one system of schools alone but in both. There is no prospect of Australian schools catching up to schools in comparable countries unless and until the Commonwealth assists both school systems.<sup>2</sup>

Later that year, on 9 September 1969 he explained how he considered the schools commission would interact with the existing independent and state school organisations.

The Minister proffers two arguments against a schools commission. He claims that it would need a vast bureaucracy to investigate the needs of our 10,000 schools and that a commission would mean Commonwealth centralisation of education. Both arguments are false. The schools commission would exist to recommend how the Commonwealth can and should best help schools as the Universities Commission recommends how the Commonwealth can and should best help universities. The schools commission would receive claims for the State education departments, the Catholic schools and the various existing science blocks and library committees. It would make recommendations on these claims in the light of standards established by its own expert staff. This would be a continuing process. The commission itself would be fully representative of both government and non-government schools. For the first time, teachers would be represented at the decision making level. A schools commission could no more dominate or displace the State education departments than it could dominate or displace the Catholic system. It could and would have no powers of compulsion over government or non-government schools. It could and would have great means of assistance for both systems. It would not engage or pay teachers. It would give teachers a voice in determining the quality of education in Australia.<sup>3</sup>

During the same debates some of the internal pressure in the party, which were not to be finally resolved until just before the bill was finally presented to parliament, emerged. In the Senate

on 20 August 1969, Senator Murphy, who opposed all religious education, commented:

Our policy is Government schools first. The Labor policy provides that for the purpose of recommending federal grants there should be an Australian schools commission to examine and determine the need of students in all Government and non-Government primary, secondary and technical schools. The Commission must have regard to the following needs and priorities: Firstly, the primary obligation of Governments to provide and maintain Government school systems of the highest standard open to all children. That means - and let there be no doubt about it - Government schools first. It means Government schools of the highest standard. Our platform sets forth elsewhere the obligation of the State to provide such a universal free secular system of education open to all citizens. After that the commission shall have regard to numbers enrolled, the need to bring all schools up to acceptable standards and to ensure optimum use of resources.<sup>4</sup>

On several occasions in the next three years, the Labor party moved amendments to education bills, such as the States Grants (Independent Schools) Bill in March 1972, demanding the establishment of a commission and the payment of grants to government and non-government schools. The Liberal government refused to accept any such amendment arguing against the Schools Commission concept on two grounds. First, they claimed that while the AUC was a reasonable method of considering the needs of Australia's fifteen universities, it was completely different when the needs of over 10,000 schools had to be considered. Secondly, the Liberal members argued that, as education

was a state responsibility, the commission would undermine the independence of the states, require a massive bureaucracy in Canberra to run the grants and lead to an over-centralised, insensitive administration of the federal government's educational programme. The issue of 'states rights' was one that was raised again and again while the bill was being planned and debated.

In the election speech of 1972, Whitlam restated his party's belief in the Schools Commission and further spelt out details of a timetable and other guidelines for its implementation. He said:

The Labor Party is determined that every child who embarks on secondary education in 1973 shall, irrespective of school or location, have as good an opportunity as any other child of completing his secondary education and continuing his education further. The Labor Party believes that the Commonwealth should give most assistance to those schools, primary and secondary, whose pupils need most assistance.

Education is the prime example of a community service which should involve the entire community - not just the Education Department and the Catholic school authorities and the Headmasters' Conference, not just parents and teachers, but the taxpayers as a whole. The quality of the community's response to the needs of the education system will determine the quality of the system. But the community must first know and understand the needs. We reject the proposition that administrative convenience should override the real needs of schools. We reject the argument that well endowed schools should get as much help from the Commonwealth as the poorest state or parish school, just because it is easier to count heads than to measure needs.

The Australian Labor Party believes that the Commonwealth should adopt the same methods to assist schools as it has adopted to assist universities and colleges of advanced education - through a Commission. We will establish an Australian Schools Commission to examine and determine the needs of students in Government and non-government primary, secondary and technical schools. I propose to prepare for the statutory Schools Commission as Sir Robert Menzies prepared for the Universities Commission. In December 1956 he wrote to Sir Keith Murray and some other leading educationists to advise him on the immediate needs of universities and their future requirements. They reported to Sir Robert within nine months. I shall write before Christmas to a small group of leading educationists, including representatives of the State and Catholic systems. I shall write in precisely the same terms as Sir Robert, requesting for all schools, as he did for universities, recommendations upon "their financial needs and appropriate means of providing for these needs". It will not be necessary to delay the appointment of the Commission until legislation has been passed by the new Parliament in 1973. Moreover their report will be promptly published. In this way the Government and non-Government schools will be able to make their long term plans right from the very earliest stages of a Labor Government.

A Federal Labor Government will:

- 1 Continue all grants under Commonwealth legislation throughout 1973

- 2 Remove the ceiling imposed by Commonwealth legislation on grants in 1974 and subsequent years
- 3 Allocate the increased grants for 1974 and subsequent years on the basis of recommendations prepared and published by the expert Schools Commission which will include persons familiar with and representative of the State departments, the Catholic system and the teaching profession.<sup>5</sup>

The reason for this extended discussion of the background to the legislation is to show that many of the broad terms of debate were settled before the election. The incoming prime minister had unambiguously committed himself to a definite line of action and even to an initial timetable; the party had been elected with a commitment to increased educational expenditure that was so widely recognised that even the Senate opposition agreed that the government had a mandate to introduce the legislation. The particular demand for a schools commission had been put before the electors in 1969 and 1972. The Schools Commission bill was therefore a particular programmatic commitment on behalf of the incoming government.

But the limitations of an electoral promise are also noticeable.<sup>6</sup> Whitlam spoke of equality of opportunity and emphasised that under a Labor government grants would be made on the basis of needs. Yet he defined neither what he meant by needs and equality of opportunity nor how they could be calculated. Nor did he forecast how much the government would spend. For the electoral contest such details were unnecessary. In practical terms they were impossible without the vast range of evidence required to make the estimates and without the supporting manpower to fill in those details. The central core and shape of the commission



may have been predetermined by the campaign pledges, but public servants and the members of the promised committee still had considerable initiative in shaping the recommendations for grants and filling in the details of the legislation needed to implement them. As one committee member put it: 'The needs philosophy is a political one which was dictated to the Committee, but it was the Committee's task to relate this to educational values'.<sup>7</sup>

### Initial Stages<sup>8</sup>

Directly after the two-man ministry had been sworn in, Mr Whitlam, in his capacity as minister for education, began to implement his promises. He and his advisers began sifting through names of possible appointees to the commission and considering terms of reference. Professor Peter Karmel, chairman of the A.U.C. and a man highly knowledgeable in the ways of the federal bureaucracy, agreed to chair the interim committee and finally ten others accepted appointment. The members of the interim committee had to be selected quickly, after consultations between Whitlam, Beazley, K. Jones (who was later to become permanent secretary of the department of education), and other people with high reputations in the field of education. There were no formal procedures; inevitably the appointments had to be made by a small group ranged around the minister and the minister-designate. No organisations involved in education were asked to nominate candidates, or even to give advice. The final committee included people who could be said to 'represent' Catholic schools, independent schools, state education departments, academics, women and parents, even though the chosen people may well not have been the people

that the organisations themselves would have preferred. The main advantage was that, since none were formal delegates, they did not have to report back to or feel obligated to express the views of any particular group.

The department was prepared for a possible change of government. As part of its analysis and estimated costing of the education proposals of the major parties, the education policy group of the Department of Education and Science had considered the means of putting the A.L.P.'s proposal into effect, although there was uncertainty about some of the details relevant to the preparation of the terms of reference. Therefore although no formal position papers were prepared, this department at least was prepared for the new government and was able to respond speedily and constructively to the immediate demands of its new masters.

The terms of reference were drawn up primarily by Mr K. Jones, who was soon to become permanent secretary of the department of education. He consulted with the prime minister and with Mr Beazley, the minister of education-designate, although not yet elected by caucus. The terms of reference went through several drafts, with minor changes each time, although the crucial words that specified 'government and non-government' schools should be considered were only added at a later stage. The terms of reference and personnel of the interim committee were officially approved and announced on 12 December. Simultaneously with the preparation of these, letters were prepared to the state premiers and to the main Catholic and independent school organisations which explained the terms of reference and the purposes of the commission. State premiers were also informed that the grants of the schools commission were to be additional to existing expenditure and that the states were expected to maintain the same percentage of their budget on education as previously and not to substitute federal funds for existing state commitments.

The first meeting of the interim committee was held on 21 December 1972. Only three of its members were full-time but according to one participant the remaining members probably spent 70% of their time on the interim committee's business. The full committee met on sixteen occasions and forwarded its report *Schools in Australia*<sup>9</sup> to the minister on 18 May 1973, a mere five months later. The speed with which the committee prepared the report and collated the large amount of information in it was only possible because of the support received from the state education departments. In 1969 the state departments had carried out a survey of their 'needs'; the then minister of education, Mr Fraser, condemned the survey as inadequate, possibly, according to one member of a state department, because he was concerned by the extent of the demands. However the survey did allow the state departments to react quickly to the requests of the Karmel committee. *Schools in Australia* has already been widely reviewed and heralded as a landmark in educational history: here we will only highlight those aspects of it which were to have important effects on the preparation of the legislation.

The first part of the report examined the existing federal commitments to schools and then examined the concepts of equality of opportunity, needs and priorities. The report explained how it intended to operationalise these concepts, what evidence was used to determine the needs of schools, what the trends were and what the priorities of the committee were. The terms of reference had required the committee to determine the financial needs of schools and the priorities within them, but the actual methods of operationalising these concepts was left to the committee. There was, however, no doubt that in their approach to the problems committee members adopted the general philosophical assumptions of the government's electoral appeal.

In the second half of the report the committee spelt out the programmes that it recommended. The report suggested seven separate programmes : general recurrent grants, general building grants, libraries, disadvantaged schools, special education, teacher development, and innovations. In each chapter the committee explained what money should be given to government and non-government schools. Two points of particular importance were involved. First, in considering the general recurrent grants, the committee placed every non-government school in a category labelled A to H. Category A schools were those whose standards were far above the level to which the committee hoped to raise all schools. It therefore recommended that these schools should receive no grants; but, as these schools already received per capita payments, it argued that the sudden termination of the grants might cause hardship and recommended that they be phased out gradually. Second, grants to the state government systems in each of the seven programmes had to be spent within that programme. The committee argued that money for, say, libraries must be spent on libraries and could not be transferred to another of the programmes. It also had to be accounted for separately.

Finally in chapter 13 of the report the committee made recommendations about the form of administration that should be adopted; it proposed the establishment of regional boards in each state to oversee the programmes and suggested that a consistent flow of information should be a requirement of all grants. This chapter was written late in the committee's operations, seemed to suggest the establishment of a rather unwieldy bureaucracy and was admitted by one member to be the least satisfactory section of the report.

The interim committee's report was considered by cabinet on 12 June, after a brief half-page submission advocating its acceptance had been presented by the minister for education. The

cabinet decision (No 786/1973) endorsed most of the report, but there were two exceptions. First, cabinet left open the question of implementing chapter 13 since there was some concern about the administrative arrangements that were proposed there. Secondly, - and in the event it was a very significant decision - cabinet decided to reject the recommendation that grants to category A non-government schools should be phased out; it decided to end all grants to those schools immediately. The report was to be implemented by two bills, the Schools Commission Bill which was to establish the permanent body and the States Grants (Schools) Bill which was to authorise the payment of the proposed grants to the states and independent schools. Both bills were of course largely structured by the recommendations in the report. Both bills were to be planned and seen through parliament by officers of the Department of Education.

### Interest Group Activities

In December 1972 each state premier had been sent a letter explaining the purposes of the commission and requiring the State to maintain the same level of expenditure on education. Reactions varied. The Tasmanian premier accepted the broad terms but was concerned about the effects of the grants on Tasmania's status as a claimant state. On advice from Treasury, the minister declined to give any guarantee that the Grants Commission would ignore the education grants. A more common reaction came from other states which accepted the principle, but demanded that state departments should have greater flexibility in spending the money; they did not wish to be bound within strict limits. As early as 26 January one state premier declared that the demands made by the federal government would tie the hands of the states and 'erode their sovereign rights to allocate expenditure according to the rights at the time'.

At a meeting of the Australian Education Council (which consists of the six state and the federal education ministers), the ministers accepted in principle the proposals of the Karmel committee, but again demanded greater flexibility. The state ministers passed the following motion:

We commend the Federal Government's adoption of the financial recommendations for 1974-75 of the Interim Committee of the Australian Schools Commission as they affect Government schools.

We note and support the federal Government's decision to consider further chapter 13 of the Report of the Committee. In this regard the Council requests the Federal Government to afford the states the maximum flexibility in application of the funds to be made available within the programmes there outlined, consistent with overall balance in these programmes.<sup>10</sup>

This disquiet over the rigidity of the programmes continued, but with little effect. The directors-general of education, acting as the standing-committee of the A.E.C., discussed the implementation of chapter 13 of the report and some of them were particularly concerned that the establishment of any further bureaucratic structure might undermine their authority and make the state education departments answerable to some federal agency. Their resulting recommendations were not forwarded to the federal minister of education until October 1973 and then without the approval of five state ministers of education. Despite regular correspondence with state ministers, the federal government consistently refused to consider global educational grants to the states. The federal minister insisted that the grants must be

spent within the designated programmes although he argued that within those programmes the state governments had considerable freedom to spend the money as they saw fit. The states were not consulted in the drafting of legislation, except in relation to minor items, such as the use of 'authorised persons' to audit the monies spent under the Commission's grants, rather than the state Auditor-General.

Educational interest groups have in the last decade been vocal in Australia; their energy, noise and campaigning have been largely responsible for the importance of education as an electoral issue in federal politics since the early 1950's.<sup>11</sup> But interaction with bureaucracies has occurred at the state, rather than the federal level, because state governments are responsible for the actual administration of schools and for the employment of teachers. Federally both the pressure and the interaction have been largely at the parliamentary level. The department of education is in contact with interest groups, but seldom negotiates directly with them and feels free from any direct pressure.

On publication of the interim committee's report, a widespread debate took place. The private and Catholic schools organisations had been informed of the government's intention, but there is no evidence that they were directly consulted before any action was taken. Criticism came primarily from the private schools who believed that they had been placed in too high a category and deserved more money. The whole question of grants to category A schools led to a particularly heated debate; an appeal system was established and several schools were shifted from one category to another. But the groups were essentially reacting to government proposals; they did not play any constructive role in formulating the details of the bills.

The type of activity in which all these groups participated can best be illustrated by the behaviour of the Australian Council of State School Organisations (ACSSO). In April 1973 the organisation wrote to the minister asking that they should be allowed to nominate one member of the permanent commission. The minister refused the request. Later they wrote to the prime minister who suggested that ACSSO submit a panel from which a person might be chosen. There was no commitment to that course, but finally the person they wanted was selected. In other instances organisations nominated only one person, but that person was not necessarily chosen. When the report came under fire from the private school organisations, ACSSO and the Teachers' Federation ceased to make marginal criticisms of it and threw their support behind it. They publicly demanded by petitions, letters and public demonstrations that the senate pass the bill. Their protests were probably partly responsible for awaking the Country Party to the possible electoral consequences of preventing the expenditure on education and persuading them to reach a compromise.

Interest groups were in fact notably unsuccessful in their attempts to shape the legislation. Most of their protests, requests or nominations were ignored. They were kept informed, rather than consulted. Their public protests were useful to the government in bringing pressure on the opposition, but their role was essentially a reactive, rather than constructive one. In most ways they were frozen out of the process of constructing the legislation and operated only at the parliamentary level.



## The Bureaucracy And The Legislative Preparation.

Early in 1973 the prime minister exhorted his ministers to press on quickly with the preparation of legislation. In reply Beazley pointed out that his department had its legislative programme under review on a weekly basis. In May the prime minister asked each of his ministerial colleagues for details of their department's legislative proposals for the budget session of 1973. For each proposed bill, he required answers to several specific questions. These questions required the department to explain the purpose of the bill, whether it implemented party policy, why it was required at that time, whether it had received cabinet approval and how it affected or required the amendment of other pieces of legislation. In the department's reply<sup>12</sup> the minister included the Schools Commission Bill and the States Grants Schools Bill. The legislative committee of cabinet then considered all the bills proposed by ministers. On 12 July the minister of education was informed that, although some of his bills would be stood over until the next session the major two that we are concerned with here were to be given priority. The prime minister urged that the department proceed as fast as possible towards the preparation of instructions for the parliamentary draftsman.

According to one memorandum written by the permanent head of the department of education, the officer responsible for the preparation of legislation had to complete eight steps. They were:

- 1 Prepare instructions for the parliamentary draftsman and discuss the initial instructions and later drafts within the department.

- 2     Submit the draft bill to the minister, drawing attention to its particular features and obtaining his specific approval to submit the bill to the legislative committee of cabinet.
- 3     Prepare briefing notes for the legislative committee of cabinet and put them into a folder which also contains for ministerial information the bill, relevant cabinet submissions and discussions, and explanatory material.
- 4     Finalise the second reading speech and send 250 copies to the House.
- 5     Distribute copies of the bill to the state departments of education after it has been introduced.
- 6     Prepare notes for the minister for the committee stages of the bill.
- 7     Prepare notes for the minister in charge of the bill in the Senate.
- 8     Check on the date that royal assent is received.

The instructions for the parliamentary draftsman were completed for both bills late in August 1973. However, despite the fact that the instructions for the State Grants (Schools) Bill and the Schools Commission Bill were sent at the same time, the former proved to be a more complex piece of legislation and took two months longer to prepare.

Following the usual practice copies of these instructions were forwarded to the Treasury to allow the relevant section there to comment on the financial implications of the legislation. This procedure was followed even where the financial aspects of a bill were small, but it does indicate

one way by which the Treasury maintains its intelligence network. If the department did not send the instructions, it is likely that the draftsman would. Since almost every legislative proposal has financial implications, the Treasury is usually well-informed, or at least tries to be. The Public Service Board is also given copies of the instructions if personnel or establishment matters are involved. Further, if the Treasury has not seen, or has not accepted, a draft bill, it is likely that the parliamentary draftsman will make a comment to that effect in his notes to the Legislative Committee of Cabinet. Departments are therefore aware of the problems of trying to proceed without the Treasury's consent and in this case at least ensured that the Treasury was fully informed at all stages.

The officer responsible for the Schools Commission Bill was an assistant secretary (level 1). He first examined other bills which had similar objectives and decided to model the bill on the act that had established the Australian Commission of Advanced Education. Changes were made in the sections of the bill where special conditions for the schools commission were required. In particular the bill had to incorporate the terms of reference of the interim committee and those proposed in chapter 13 of the report, the determination of priorities and the Section 96 concepts. The instructions to the draftsman explained what the bill was designed to do, quoted the relevant cabinet authority, spelt out the relationship of the bill to existing legislation and listed what new clauses were required. Considerable internal departmental discussion was carried out before the instructions were completed. When they were forwarded, the responsible officer began drafting the second reading speech. Copies of the instructions were sent to the Treasury, the permanent head, the minister and the secretary of the Interim Schools Commission.

The most controversial section of the Karmel report was chapter 13, which spelt out the administrative machinery required to oversee the expenditure of grants, particularly in the non-government schools. The minister believed the section to be unnecessary, preferring to use existing institutions and to work through state departments. Some members of caucus did not want the state departments consulted about appointments to these proposed regional boards, a view with which the minister disagreed and in a letter to the prime minister he spelt out how he envisaged chapter 13 should work. This was the major area of disagreement. In other areas some fairly important decisions had to be made and the minister usually accepted the advice of his department on these points. For instance he agreed that officers of the Schools Commission should be employed under the Public Service Act.

The parliamentary draftsman was constantly in contact with the responsible officer. Sometimes whole days of discussions were held on matters of wording and on the best ways of interpreting the minister's wishes and putting them into legislative language. On 11 September four copies of the first draft were sent by the draftsman to the department, which made several minor amendments to the bill, and particularly to the section that explained the functions of the commission. The minister also met the parliamentary draftsman on a couple of occasions. He insisted on the addition of the words 'government and non-government' to refer to 'schools' in the bill. He relayed his wishes through the department. The minister also required an additional clause be added to cover the education of especially gifted children.

A further draft was sent by the draftsman on 20 September, after he had further discussions with the responsible officer in the department. At the same time briefing notes were prepared for the legislative committee of cabinet. These notes explained how the bill followed on from the terms of reference of the committee. A draft copy of the bill, and any details of discussions of the employment conditions in the commissions, were also sent to the Public Service Board.

On 21 September the minister approved the bill and the department sought permission from the secretary of P M & C to put the bill before the legislative committee of cabinet on 25 September. The cabinet committee approved the bill, on the condition that Murphy and Beazley between themselves could agree on a suitable wording (eventually composed by Beazley) to spell out the prior obligation of the government to consider the interests of state schools. The wording was added to clause 13 (4)a of the bill. When caucus considered the bill, it added two further phrases to the same clause. At the last moment the draftsman deleted one word from clause 13 (1)b. In this form the bill was finally approved by the minister, and was introduced into the House of Representatives on 27 September.

The States Grants (Schools) Bill was a more complex piece of legislation, involving states rights, Section 96 grants and new procedures to account for the expenditure of funds within the prescribed funds. The officer responsible, a class 10, had the previous year been responsible for the States Grants (Independent Schools) Act 1972 and that bill was used as a basis for the new proposal. Further, some clauses of the bill were bound to be controversial because the cabinet had decided to exclude category A schools from government aid immediately, instead of phasing the aid out gradually as the Karmel Committee had recommended. Because of the possibility of opposition to this change in the opposition dominated Senate, the minister at one stage proposed that two bills be prepared, the one authorising grants to government schools, the other to non-government schools. He was persuaded by the department to drop the plan because, they argued, the senate could determine anyway to debate both bills at once and nothing would be gained by separating the bills. Indeed they argued that by including all the grants in the same bill the pressure on opposition senators would be increased because they would have to accept or amend all the proposals at once. The diagnosis proved correct. The minister was also concerned because, unless the bill was passed, the 1972 act which gave per

capita grants to all independent schools would remain in force. An outline of the bill, including a legal opinion about the continued effectiveness of the 1972 act, was forwarded to the minister on 6 September.

The responsible departmental officer held several meetings with the parliamentary draftsman, almost on a day-to-day basis. The first draft of the bill was completed on 25 September and a second draft on 3 October, when one of the major outstanding problems was a suitable definition of the term 'Catholic Systemic Schools'. On 8 October it was agreed that the grants and the repeal of the 1972 bill should be included in the same bill and the draftsman was instructed to revise the draft bill accordingly. The same day the minister said that he wanted the bill ready for the legislative committee of cabinet on 24 October, but the parliamentary draftsman said he could not be ready until 30 October. Various timetables for pushing the bill through caucus and cabinet were considered, although the officials realised that the caucus committee would want to see the final draft, particularly because of the exclusion of grants to category A schools. Further, by this stage the amendments to the Schools Commission Bill had been moved by the opposition and it was realised that it might be necessary to delete all references to the Schools Commission from the bill.

Further drafts were considered on 16, 18 and 22 October, with the newly-appointed chairman of the commission taking part for the first time. On 2 November further instructions were sent to the draftsman asking him to include a clause giving the commission power to approve special grants. At the same time the Treasury commented on the bill, making several suggestions and asking whether the concept of 'authorised persons', rather than state auditors, had been accepted by the states. Many of their minor suggestions were incorporated in further instructions to the draftsman.

On 9 November the final draft of the bill was forwarded. The department accepted it on 12 November and on the same day the Treasury rang to clear the bill. Seventeen sets of notes, each consisting of eighteen pages, were forwarded to the legislative committee of cabinet. The caucus committee then considered the bill, with two officers of the department attending the meeting. Members of caucus wanted to know, among other things, if gifts of land were disclosed in the schools' returns, if the 'needs' principle was inserted in the legislation, if more non-systemic schools could be included and if 'income' could be defined. But the members of the committee were reminded by the chairman of the committee that any demands or change would delay the bill further. No changes were made. The bill was finally introduced into the House on 15 November.

In the preparation of legislation the role of the parliamentary draftsman is crucial, but it has seldom been analysed and deserves some attention here in more general terms. The draftsman always acts on behalf of departments and considers that he has a lawyer-client relationship with each department. The client department has, as we have seen, the responsibility for drawing up instructions based on cabinet decisions and many of the delays or problems spring from the inadequacy of those instructions. The draftsman will take instructions only from the responsible officer in the department and the latter, concerned mainly with the one bill, has to arrange his schedule to suit the busy, and at times hectic, timetable of the draftsman.

Ministers usually work only through their department. They have of course got the right of direct access to the draftsman and may attend the discussions, but in fact few of them understand the legal intricacies of bills. Often they concentrate on the politically salient sections and ignore the technical problems. Draft bills are sent to the department, which is the client, not to the minister who should receive his copy from

the department. As mentioned earlier, drafts of bills with financial or establishment implications are usually sent to the Treasury and the Public Service Board by the department, but if the department fails to do so, the draftsman himself must send a copy there when the draft has reached an advanced stage. However, even in the instances where a Treasury officer may send comments direct to the draftsman, the latter insists that he acts only on directions from the client department.

The draftsman is also in a position of considerable power. Before bills are introduced into parliament, they have to be approved by the Legislative Committee of cabinet. The parliamentary draftsman services that committee and provides notes explaining for each bill what problems may have occurred in the drafting and what areas are particularly sensitive or open to misinterpretation. If, for instance, the Treasury and the department had not reached agreement, then that fact would be noted. If the draftsman had put in clauses at the insistence of the department but was not satisfied with them, that would certainly be mentioned. Departments therefore have a vested interest in retaining good relations with the draftsman and working at his pace, particularly as some believe that they are often not told of any complaints that the parliamentary draftsman might raise. Since there are seldom good lawyers available in the departments, they also have little choice.

Since the relationship between draftsman and department is regarded as a client one, the draftsman insists that he maintains the confidentiality of draft bills. But there are no rigid conventions on the subject and it is the client department that has the right to decide who sees the draft. The draftsman considers that confidentiality is desirable because, if changes in bills are made at the last moment, then pressure groups who know the content of the earlier draft might regard the alteration as part of a conspiracy where none existed. But in the last few years ministers have frequently taken drafts into caucus committee and discussed them there clause by clause. No harm seems to have come from this procedure and too much emphasis on confidentiality and secrecy is probably unworkable.



Finally it is notable that in one area the draftsman is in a peculiar position. Opposition spokesmen have the right to invoke the draftsman for advice about the interpretation of bills and for assistance in drafting amendments. One did in the case being discussed here. Relevant ministers are usually informed of these contacts and this practice can only and usefully help the smooth running of parliament.

## The Parliamentary Stages.

The two bills were finally passed in the full glare of press publicity, and with several interest groups in full voice. The opposition moved several amendments to both bills and the final form of both was a compromise accepted by the Country Party and passed with the support of that party in the Senate. The details of the parliamentary stages are well-known and can be passed over quickly. What is important here is the part played by public servants in the process and the role they played in advising ministers.

The Schools Commission Bill was introduced in the House on 27 September and passed quickly, although the opposition moved several amendments which included a new procedure for nominating members to the commission. Although all the major amendments were defeated in the House, the opposition gave notice that they would move them again in the Senate, with a reasonable expectation of success. Because of the threatened amendments in the Senate, the government delayed its introduction in the Senate until the States Grants (Schools) bill was also accepted by the House. Again the spokesman for the opposition indicated that the Senate would move an amendment deleting the clause that repealed the 1972 act. Their intention was to continue the per capita grants of that act.

While the House was considering the States Grants bill, officials from the department discussed it with a three-man delegation from the Liberals, led by Fraser. At the opposition's request, the officials went through the bill clause by clause and paid careful attention to the fact that the 1972 Act was still operative unless specifically repealed. Fraser had also obtained similar advice from the parliamentary draftsman on this issue.

The Senate duly amended the Schools Commission bill, requiring in particular that various organisations should be responsible for choosing delegates. The House disagreed with all but one trivial amendment. At the same time the government announced that if the repeal clause of the States Grants (Schools) bill was deleted, all the government's expenditure on education might be jeopardised. The prime minister hinted at the possibility of an election and publicly sent a telegram to all state premiers, suggesting that they prepare contingency plans, in case the senate blocked the legislation. At the same time interest groups, particularly ACSSO and the Teachers' Federation, bombarded senators with telegrams. This public outcry and pressure had its effects on the Country Party. Realising the electoral liability of stopping the expenditure, Country Party representatives negotiated with the acting minister for education (the minister was ill) and reached a compromise whereby the Country Party senators supported the Schools Commission bill while the government agreed to maintain its grants to all independent schools. Both bills were then passed in amended form and received royal assent on 19 December.

Throughout the passage of the bill at least one, and sometimes two, departmental officers were usually in the House to advise the minister. The permanent head of the department was himself usually in attendance because the bills were controversial; but this was exceptional. The presence of officials was necessary because, as one officer explained in a memorandum, they knew the bill, could advise the minister on the accuracy of the opposition's debating points and provide possible answers to them, and provide documents and details when required. The presence of two officers was particularly useful because one could remain to listen to the debate while the other collected relevant data. In the senate officials also had to brief a minister who was not personally connected with the portfolio. They also had to explain the implications and disadvantages of the amendments moved by the opposition; for instance, one officer argued that the proposal to have some members appointed by the

A.E.C. would make the commonwealth minister answerable to the A.E.C., an intolerable situation. The advice given by officials was often highly political, as all officials readily admit. One declared that all second-division officers were partisans, because their role was to assist the minister in any possible way.

While the bills were being considered by the Senate, departmental officials met regularly with the ministers to consider alternative compromises and strategies. Several such compromises were proposed by the department. According to one set of proposals, there were a variety of possible tactics, ranging from a 'no compromise' situation in which the bill was dropped and the opposition backed down, to a compromise in which the government continued grants to category A schools in exchange for acceptance of the Schools Commission in its original form. The basic question in the latter instance was whether the restoration of category A grants was a sufficient concession. In the event it was. The Country Party member responsible for the negotiations discussed the proposal with the acting minister and then, with his consent, rang the permanent head twice to check on various aspects of the compromise.

At the same time amendments to the bills presented several other problems. The officials had to ensure, as the bills passed from house to house, that there was always an opportunity under parliamentary standing orders to alter the legislation as required by any political compromises. In this area they took advice regularly from the parliamentary clerks. Political attitudes of caucus, parliament and pressure groups had frequently been discussed by the minister and permanent head at regular intervals during the year and continued at this time. In pursuit of compromise the department also asked the parliamentary draftsman to draft amendments to the Schools Commission bill which would provide for the election of delegates from various interest groups to the commission. Finally these amendments were not required but they were indicative of the types of situations being considered before the final compromise was accepted.

## Establishment Of Schools Commission.

Despite the parliamentary problems, the initial moves for the establishment of the commission were already under way. The first request for a small secretariat was sent to the Public Service Board on 28 December 1972 and received almost immediate approval from the P.S.B. and Treasury. The main proposal for staff was sent on 23 October 1973, soon after the new chairman of the commission had been appointed. Approval for most of these positions was given on 2 November, before the bill was passed. Pending the passage of the bill the positions were established as a division of the department. Subsequently further sections were established, with an estimated establishment in January 1974 of 119.

Several other implementation procedures were also taking place while the bill was before parliament. Procedures were set in motion to establish advisory committees and boards of Catholic schools; letters had explained the guidelines of the bill to Catholic schools; contact had been made with the state treasuries; meetings were held with the Catholic hierarchy; book-keeping procedures and building standards had been prepared. In other words, even before royal assent was received, the necessary administrative machinery had been created and the initial bureaucratic procedures set in motion to allow the commission a speedy start.

## References

- 1 *Report of the Conference of the Australian Labor Party, 1969.*
- 2 *C.P.D., H. of R., vol. 62, pp. 393-94.*
- 3 *C.P.D., H. of R., vol. 65, pp. 959-60.*
- 4 *C.P.D., Senate, vol. 42, pp. 203-4.*
- 5 *A.L.P. Policy speech, Blacktown, 13 November 1972.*
- 6 For a discussion of the problems of defining and implementing party policy, see Richard Rose, *The Problem of Party Government* Macmillan, London, 1974, pp. 379-481, and P.M. Weller and R.F.I. Smith, 'The Impossibility of Party Government' in Roger Scott and Jim Richardson (eds) *The First Thousand Days of Labor, vol. I., Canberra 1975, pp. 52-69.*
- 7 A.W. Jones. *Labor, Karmel and The Schools, 1974 Public Lecture Series, Monash University, p.7.*
- 8 The material in this and the following sections of the paper were based on files in the Commonwealth Department of Education and on interviews with politicians, officers of the department and several officials and representatives of educational pressure groups around the states.
- 9 *Schools in Australia., Report of the Interim Committee for the Australian Schools Commission May 1973.* The report has already been analysed in considerable detail; see, for example, J.V.D'Cruz and P.J. Sheehan (eds) *The Renewal of Australian Schools: Essays in Educational Planning in Australia after the Karmel Report, Primary Education, Melbourne, 1975* and Leon M. Allwood (ed) *Australian Schools: The Impact of the Australian Schools Commission* Australia International Press, Melbourne 1975.

- 10 *Press Release from the Australian Education Council, 14 June 1973.*
- 11 See D.A. Jecks (ed) *Influences in Australian Education*, Carrolls, Perth, 1974.
- 12 It is worth noting that the department's reply in this instance was late and showed ignorance of the fact that the cabinet decision had authorised the introduction of the States Grants Bill. This lack of knowledge is perhaps indicative of a need to reconsider the distribution of cabinet documents.

## INTRODUCTION OF WHEAT QUOTAS



In 1969 both government spokesmen and industry officials presented the introduction of delivery quotas for wheat as an industry response to problems of disposing of a rising volume of wheat production.<sup>1</sup> The Australian Wheatgrowers' Federation (A.W.F.) took responsibility for formulating the scheme and recommending it to the federal government. Specifically, it also took responsibility for recommending to the federal government the size of the national and state delivery quotas. But the case was not as straightforward as this. It was not simply an instance of a well-organised agricultural interest group inducing a desired response from a government. On the contrary, the federal government played an active but publicly understated, role in introducing the scheme. The government used the resources at its disposal, which included its *lack* of formal constitutional responsibility for agriculture and its financial control of the level of the advance paid to growers on delivery of their wheat, to produce a scheme acceptable to itself while minimising federal responsibility for it.

Within the government the role of officers of the Department of Primary Industry was as understated as the government's involvement overall. The Minister for Primary Industry was active in all policy matters affecting the department and, at first, most government activity on wheat quotas took place at the political level. Indeed when first asked for advice on the significance of trends in production the department expressed doubts about the need for government intervention and production controls. However as the process of formulating policy on quotas proceeded, departmental officers had increasingly important, if unobtrusive, roles to play.

This discussion of the case will concentrate on the process by which the situation of the wheat industry in 1968 and 1969 was defined as one requiring the control of deliveries. In particular it will concentrate on the ways in which the federal government interacted with the

A.W.F. to produce the quota scheme. This involved a lengthy chain of decisions which stimulated considerable tension within the Federation and its affiliated organisations. Wheat farmers became subject to an onerous set of administrative provisions which aroused anxiety and discontent.<sup>2</sup> To many farmers the commitment of their own organisations to the scheme provided little comfort. As the application of delivery quotas took place, the gap between the simplicity of original conceptions of the scheme and the complexities of applying it equitably and expeditiously, became wider. It is not the purpose of this study to give detailed attention to problems of implementation, or to the role of state governments, which carried the main legislative burden of the scheme. This would lead to a more complete, but also to a much larger study. Nevertheless, in examining the processes of policy formulation in this case, some reference to these topics will be made.

### Existing Arrangements in the Wheat Industry

The introduction of delivery quotas made an important adjustment to well-established price support and marketing arrangements which had first begun in the 1940s. Their main components were the Australian Wheat Board, which was responsible for the acquisition and disposal of each year's crop, and a system of price guarantees which involved the setting of a home consumption price and a guaranteed price for a specified volume of exports. Formally, the Wheat Board's responsibility was confined to acquisition, marketing and closely related functions, but the majority of its members were leading farmer politicians and its senior managerial staff were well-informed about all aspects of wheat policy. Provisions of the wheat scheme ran for five years, and normally as one scheme was due to expire a new and similar one was negotiated. The main points at issue in each re-negotiation concerned the level and method of calculation of guaranteed prices to growers,

the extent of growers' contributions to a stabilisation fund to be drawn on in times of reduced overseas prices, the financial commitment to the scheme of the federal government, and the volume of exports subject to the price guarantee.<sup>3</sup>

During each harvest farmers delivered their wheat over a period of a few months while the board's selling activities took place throughout the year. To meet growers' requirements for payment the board made a series of advances, beginning soon after delivery and concluding, sometimes several years later, when all grain from that season's pool had been sold. The first advance was a high proportion of the expected return and was financed by the board through an overdraft from the Reserve Bank. This overdraft was guaranteed by the federal government. The level of the first advance was set annually by the government, but for many years before the 1969-70 season the government had maintained it at \$1.10 a bushel.

The Wheat Board was not itself responsible for handling grain as farmers delivered their crops. This was done by bulk handling authorities in each major wheatgrowing state. These authorities had different histories and capabilities. In Western Australia and South Australia co-operative bulk handling companies, owned by farmers themselves and directed by their elected representatives, handled the grain. Both companies operated under state legislation. In Victoria and New South Wales the handling was done by grain elevators boards, operated and financed by the state governments but with farmer representatives among the directors. In Queensland the handling authority was the State Wheat Board, constituted under state provisions for the statutory organisation of primary producers. Of necessity all of these bodies co-operated closely with the Wheat Board.

The Wheat Board and the price support arrangements were underpinned by a network of agreements between governments and growers' organisations. Complementary legislation by the federal and state governments was needed.<sup>4</sup> Whenever the scheme was due for renewal bargaining and consultation about the details of such legislation took place between governments and between the federal government and the A.W.F. Within the A.W.F. constituent organisations from the different states often took some time to reconcile their positions. State organisations also communicated freely with their state governments, and sometimes a state organisation and government would make common cause against the federal government and other constituents of the A.W.F.<sup>5</sup>

The complex relationships supporting the arrangements made adjustments difficult. Even marginal changes could provoke protracted disturbances and produce effects spilling over into other areas. Unless reasons for making changes were extremely pressing, the easiest course was to allow the arrangements to continue without change. No change was possible without the active support of the federal government. Although it had no constitutional responsibility for agricultural production, the federal government's financial strength made it the virtual entrepreneur of most changes in wheat policy. If it chose to deploy its resources towards the gaining of specific objectives it could usually get its way. But the difficulties involved, and the risk of spreading disturbances, constrained it too to use its strength sparingly.

## Central Participants

An understanding of the relationships between the central institutions described so far can be reinforced by a consideration of other relevant institutions and of the relationships between individuals within institutions. When wheat quotas were introduced a member of the Country Party, J.D. Anthony, was Minister

for Primary Industry and Sir John McEwen was still leader of the party.<sup>6</sup> Within the parliamentary Country Party the roles of the leader and ministers were not subject in any substantial way to the influence of party backbenchers. Nor were there any clear lines of control extending from the extra-parliamentary organisation of the party.<sup>7</sup> Country Party leaders and ministers used their own judgement about what was best for their party and for the interests it claimed to represent. This had important consequences for relations between the government and farm organisations. Under Sir John McEwen the view most commonly publicised of the Country Party's role in the making of farm policy was of a party consulting farm bodies about their requirements and then ensuring that these requirements were met.<sup>8</sup> But Country Party leaders tended to operate rather differently. When they had made up their minds on an emerging issue they had little hesitation in suggesting to farm organisations what organisation policy ought to be.<sup>9</sup>

The A.W.F., like all other major farm organisations, was non-partisan. Indeed for some of its founders in the 1930s being non-partisan had meant being anti-Country Party. However its constituent organisations arose from the same rural base as the Country Party and to a great extent its leaders shared the party's orientation and style. Some of them were active in the party's organisation and a majority of them supported it. But it was not common for A.W.F. leaders to transfer from industry politics to represent the Country Party in parliament. They tended to pursue specialised careers as industry officials. Here they had opportunities to acquire several different roles. The path to membership of the Australian Wheat Board lay through prominence in a state affiliate of the A.W.F.<sup>10</sup> It was not uncommon for delegates to the A.W.F. to hold senior positions in their own organisations and also be members of the Australian Wheat Board. Some were also directors of bulk handling authorities. The ladders of opportunity for Federation delegates brought them into close contact with the Minister for Primary Industry. If he wished, the minister could make use of many opportunities to let his views and preferences be known. This was especially the case with Country Party ministers who shared a common background with A.W.F. leaders and often knew them personally. Moreover the minister could deploy tangible

benefits of value to industry leaders. He determined appointments to several official positions, including the chairmanship of the Wheat Board, and could influence the filling of other official positions, regulate the access that industry leaders had to himself as minister, and bind them to his interests by taking them into his confidence.

In terms of the resources available to it, the A.W.F. was not a well-endowed organisation. It drew its funds from the affiliation fees of constituent organisations and consequently had a very small budget.<sup>11</sup> Its secretary in 1968, T.C. Stott, who had been secretary since its foundation, was also secretary of the United Farmers and Graziers of S.A. and a member of the South Australian parliament. His salary as secretary of the Federation was negligible. The A.W.F.'s only other employee was an economic adviser, whose salary was drawn from funds levied on farmers for wheat research.<sup>12</sup> While Stott worked from Adelaide, the economic adviser was based in the Wheat Board's head office in Melbourne. During his long career Stott had achieved some remarkable political *tours de force*, but even he could not do this on the Federation's behalf every time it was needed. Moreover by 1968 his influence within the Federation had declined considerably, he was enmeshed in a complex and time-consuming situation in the South Australian parliament, and he was near the end of his career.

The A.W.F. often found it hard to determine its response to policy proposals by the government. On matters of importance delegates were often divided between two contradictory tendencies. On the one hand were those concerned to assert the independence of the A.W.F., its capacity for making its own decisions, and its determination to stand up to government proposals with which it disagreed. But on the other were those who emphasised that the Federation did not have the resources with which to fight the government. They appeared to adopt a strategy of close contact with members of the government in the hope of gaining benefits for the Federation by timely co-operation and acquiescence. Paradoxically

delegates with a strong Country Party background were often in a better position than others to stand up to a Country Party minister. They had their own political standing.<sup>13</sup> This latter point emphasises the extent to which A.W.F. decisions were influenced by the interwoven personal and political interests of its delegates. Whether deciding to agree with a government or to campaign against it, A.W.F. delegates were a small group of farmers explicitly committed to advancing the interests of their fellows, but by their rise through the ranks of farm organisations exposed to incentives and ambitions differentiating them from those they sought to represent.

Behind the many-stranded politics of the Country Party and the A.W.F. stood the Department of Primary Industry. Since its creation in the 1950s, when the former Department of Commerce and Agriculture was divided to make way for the Department of Trade, the Department of Primary Industry had not been known as an assertive department. Between William McMahon, who was its first minister (and the only Liberal to intrude on Country Party control of this area during the Liberal-Country Party coalition government), and J.D. Anthony, it had had as minister C.F. Adermann who was not assertive either. The department was organised largely on functional lines and its areas of expertise tended to be concentrated in, say, the marketing of specific products, rather than in reviewing general trends in farm policy. Thus its officers who dealt with wheat matters had had considerable specialised experience. They were very conscious of the federal government's responsibility, both formal and informal, for wheat policy. They were also familiar, as public servants whose work often had direct political consequences, with the political as well as the administrative aspects of primary industry issues. They knew that departmental advice to the minister, based on economic or other technical grounds, would on occasion be judged to be politically inappropriate. Departmental officers were thus skilled at formulating advice leading to one set of conclusions and then administering policies based on the different considerations considered important at the political level. In the course of their work they became familiar with the ways of farm organisations and exchanged information with them on matters of mutual

concern. But farm leaders often preferred to deal directly with the minister, believing that he was more likely to be sympathetic to their position. When discussions between the minister and farm bodies were going badly, departmental advice to the minister was often blamed. By no means did the department see its role as merely providing farm interests with bureaucratic support.

### Problem Identification

Awareness of problems about disposing of the expanding volume of wheat production came to prominence in the second half of 1968. At the same time negotiations on provisions of the fifth five-year wheat scheme were coming to an end. The negotiations had not been easy. The minister, advised by his department had sought successfully to break the link hitherto existing between the home consumption price and the guaranteed export price.<sup>14</sup> These had been determined by a much criticised "cost of production" index. Although not a few farm leaders recognised that the final result of attempting to apply a formula based on production costs had been a negotiated price, the A.W.F. was reluctant to accept a two price scheme and the drastic revision of the costs approach also insisted on by the minister. Among farmers the notion that the wheat scheme guaranteed them the "costs of production" had a wide and often emotional appeal. Before negotiations came to an end the A.W.F. had split openly in its attitude and the Victorian Farmers' Union, supported by the state government, had tried to stand out against agreeing to the proposals. The A.W.F.'s resistance to the minister's proposals was widely criticised by agricultural economists and journalists.<sup>15</sup> The system of guaranteed prices and stabilisation tended to encourage production when it was not needed and to discourage it when overseas prices were good, but at this particular time the Federation's stand showed a singular lack of appreciation of trends in supply and demand.



During the late 1960s wheat production in Australia had boomed.<sup>16</sup> An important factor was poor prices for wool. As wool prices fell producers, attracted by the guaranteed price and the level of the first advance, turned to growing wheat. Acreages under wheat rose dramatically, especially in Western Australia and New South Wales. In New South Wales graziers who occupied much land never before used for agriculture went into wheat. In some cases they occupied land that could have been used previously for agriculture but in other cases their shift was made possible by changes in agricultural technology. Mechanisation, allowing quick and timely working of the soil and thus more effective use of limited rainfall, made cropping a possibility in drier areas formerly only of use for grazing. Often graziers did not buy a farming plant themselves but engaged share farmers. Similar trends were evident, but not as dramatically, in other states. In agricultural areas generally farmers increased production too. The distinction between graziers and farmers, often made both by country people and by social commentators, became substantially blurred. In a sense everyone became a mixed farmer. While this was happening prices in international markets were declining and competition between the major exporting countries was intensifying. The International Grains Arrangement, recently negotiated to succeed a series of International Wheat Agreements, proved to be a weak instrument. Its agreed minimum prices could not withstand any substantial shifts in supply.

After the event many people claimed to have foreseen the problem arising from production trends. These included some who had been predicting it, in season and out, for so many years that sooner or later they had to be right. Others argued that there was nothing wrong in taking advantage of the "wheat bonanza" while it lasted.<sup>17</sup> The critical point was in signalling to growers when it came to an end. The price support arrangements did not do this. Moreover the concerns and past experience of the principal actors did not encourage them to focus on this point. Significant changes in overseas prices over short periods of time were normal and could remove a problem of over supply as quickly as they

could create it. Concern over the Wheat Board's capacity to dispose of its stocks had occurred before but no action had been necessary.<sup>18</sup> As a result neither the board nor the government had a clear view on what might constitute an unacceptably large carryover. In one sense the level of carryover could only be identified as excessive after the event - when the siloes were full of unsold grain. But in another sense it would have been prudent to prepare for such a situation by setting out the factors that would need to be taken into account in identifying a carryover as too large. Further, the pricing arrangements of the wheat scheme did not transmit market signals effectively to growers. Although it has often been pointed out that production controls were a corollary of prices which were supported at a level above that of export prices, no attempt to work out a system of controls had been made.

One of the reasons for this was that to farmers production controls were anathema. Primary producers tended to believe that if there were not a market for their produce at a price acceptable to them, then there ought to be. The acreage restrictions introduced during the 1939-45 war had been lifted before the war's end and the machinery to enforce them had been dropped from the post-war wheat scheme. The war time arrangements were cumbersome and inefficient, so discontinuing them was in itself no loss. But the consequence of pushing the problem of production control to one side was that in 1968 no-one had had much experience in even considering appropriate responses and institutional arrangements. Moreover the considerations that led farmers to object to production controls applied with equal force to attempts to regulate supply by adjustments to the guaranteed price or the level of the first advance. Thus even if a large carryover was seen as a definite prospect the easiest course was to do nothing and to hope that the problem would disappear. This was a risky but, given past experience, not unrealistic course. Finally, the prospect of a federal election in 1969, as deliveries from the 1969-70 crop were beginning, made the federal government cautious about accepting responsibility for any action.

Concern about levels of production was distributed unevenly and expressed in different ways. To begin with, the Minister for Primary Industry followed the public course of issuing general warnings and keeping his options open. In April 1968, while reminding the conference of the Victorian Wheat and Woolgrowers' Association about the size of government contributions to the stabilisation fund, he also expressed relief that marketing of the big crops of the 1960s had gone as smoothly as it had.<sup>19</sup> More specifically he warned that in the past year prices had weakened and that there was not a ready market for all the grain that Australian farmers could produce. Later in the year he emphasised that, except under the defence power, the federal government had no power to control agricultural production. This, he observed, rested with the states.<sup>20</sup> In May and October 1968 the chairman of the Wheat Board, Dr A.R. Callaghan, also warned that the series of large crops was creating problems and that there was a need for restraint.<sup>21</sup> For farmers themselves the results of ever larger crops showed up most immediately as a delivery problem. The capacity of the bulk handling authorities was stretched to the maximum. This meant long queues at silos and various measures designed to increase equity and access. The situation generated considerable anxiety and discontent.<sup>22</sup>

The A.W.F. officially took up the question for the first time in September 1968. According to the Federation's minutes it was pointed out during a discussion of costs of production that the Wheat Board had a large amount of grain to sell and that the A.W.F. should study the issue.<sup>23</sup> It was decided that the president should make a statement to constituent organisations. It was also decided to hold a special meeting of the Federation, but the stated reason for this was to discuss rising production costs. That the A.W.F. recognised that the issue required examination contrasted with its efforts throughout negotiations on the fifth wheat scheme. The only concern shown then had been by delegates who thought that the government's proposals on price levels were part of a plan to discourage production.<sup>24</sup> Their reaction was to resist this to the last. It has been suggested that the Minister for Primary Industry stimulated the Federation's interest by referring to the possibility of a cut in

the level of the first advance.<sup>25</sup> There is no direct evidence to support this and subsequently the first advance for the 1968-69 crop was maintained at \$1.10 a bushel. This was used by the minister to help quell resistance by the Victorians to the new stabilisation scheme. However the question of the first advance assumed a clear significance in later interaction between the minister and the Federation.

### Steps Towards Problem Definition

Although it was believed at the time that the special A.W.F. meeting would take place within a month or so of being called, it was not held in the end until January 1969. In the meantime several proposals for regulating production were canvassed among growers and their organisations. The first organisation to suggest a specific scheme was the United Farmers and Graziers of S.A. This followed discussion at a meeting of the Wheat and Grain Executive on 14 November 1968 of the difficulties expected by Co-operative Bulk Handling in handling the 1968-69 crop. The executive then discussed the rising rate of production and the case that the U.F.G. should put forward at the forthcoming meeting of the A.W.F. One member set the tone of the discussion by declaring that any proposed measures should protect "the genuine wheat-growers of Australia"<sup>27</sup> and that no reduction should be contemplated in the amount of the first advance. The chairman of the Wheat and Grain Section, Mr T.M. Saint, who was also a member of the Wheat Board and the current president of the A.W.F., then read an outline of a delivery quotas scheme prepared by Mr L.A. Simpson of Oaklands in New South Wales. Simpson was active in the United Farmers and Woolgrowers' Association of N.S.W., but was concerned more with meat and wool than with grain. How he came to draw up a scheme for delivery quotas is not known. Also not known is why his proposal was considered by the U.F.G. but not by his own organisation.<sup>28</sup> However his contribution marked an important step in the acceptance by growers' organisations of the delivery quotas scheme.

As outlined by Simpson the scheme was designed to hold wheat production in Australia to 329m. bushels a year.<sup>29</sup> This was estimated to be the amount that the handling authorities and the Wheat Board could deal with. The scheme would operate by setting national and state delivery quotas based on average deliveries over a seven-year period. It would enable the first advance to be maintained at \$1.10 a bushel and would discourage production above the national quota by making surplus wheat the responsibility of individual growers. It envisaged that at all times in the handling and sale of wheat, quota grain would receive preference over non-quota production. Where space was available to receive non-quota wheat, growers would have the amount of their non-quota deliveries deducted from their next year's quota. However where growers produced less than their quota they could carry forward an entitlement to make up the shortfall next year. New growers would be entitled to a quota related to average yields and property sizes in their districts.

The U.F.G. Wheat and Grains Executive agreed without fuss that the scheme had merit and should be forwarded for discussion by the A.W.F. Later the scheme was publicised by some as the "Stott plan", after the then secretary of the U.F.G. and the A.W.F., but the person clearly responsible for introducing it to the executive was Max Saint.<sup>30</sup> His standing within the U.F.G. also contributed to its smooth acceptance. Whereas in some other affiliates of the A.W.F. there were several competing wheatgrower leaders, in the U.F.G. Saint had undisputed charge of affairs.

In other organisations there was less agreement either about whether there was a problem or about how it should be approached. The extent of the disagreement became plain at the special meeting of the A.W.F. held in Melbourne on 17 January 1969. However by deleting from the agenda the issue of rising costs of production, which was the originally stated reason for the meeting, delegates did show that the volume of production was the main issue before them. They received reports from the general manager of the Wheat Board, Mr L.H. Dorman, who attended by invitation, and from the Federation's economic adviser, Mr T.S. Jilek.<sup>31</sup>

Dorman set out the situation faced by the Wheat Board: depending on the level of sales to China the board would have a carryover of between 200m. and 315m. bushels; given available facilities it was possible for the board to export 340m. bushels in a year; and certain kinds of grain - prime hard and northern f.a.q. - could easily be sold. He discussed without optimism a number of factors which might lead to increased sales. Jilek's report was more contentious as it recommended the diversion of resources used for wheat growing to the production of coarse grains.<sup>32</sup> Efforts were made to keep his report secret and its proposals were not taken up.

During discussion a number of delegates were reluctant to accept the need for consideration of possible controls. For example L.M. Ridd of the United Farmers and Woolgrowers' Association expressed the opinion that no state had firm views about whether there was overproduction let alone about how it should be restricted.<sup>33</sup> P.J. Meehan of the Victorian Farmers' Union described the dangers of overproduction as hypothetical.<sup>34</sup> But the majority acknowledged the problem and eventually it was agreed unanimously that affiliates should submit their views to the next Federation meeting. The scheme forwarded by the U.F.G. received no specific attention. A proposal that the Federation ask the federal government to call a conference of representatives of the A.W.F., Wheat Board, Department of Primary Industry, and state governments to consider appropriate action, was soundly defeated. The view was put with considerable force that only after the Federation had determined its own policy should it meet other bodies.<sup>35</sup>

The meeting also received a letter from its secretary, T.C. Stott, who was prevented by illness from attending. The letter expressed his wish to retire. Delegates accepted his resignation with regret and appointed T.S. Jilek as acting secretary. This meant that later, during important contacts with the federal government, the Federation had first an acting and then a newly-appointed secretary in charge of its records and correspondence.<sup>36</sup> However even had Stott been able to continue, his health and other commitments would have prevented

him from working at full effectiveness. From the Federation's viewpoint the change in secretaries could hardly have come at a less opportune time.

## Attitudes in Government

During this period the government was also attempting to define its position. In November 1968 the minister asked the Department of Primary Industry to comment on a paper submitted to him by T.M. Saint. This was about the time that the U.F.G. considered the letter from L.A. Simpson. Although not identical with Simpson's letter the paper forwarded by Saint was similar in all important respects. The department presented its view on 29 November, a fortnight after the U.F.G. had decided to send Simpson's proposals to the A.W.F. The Department was not enthusiastic about the proposals, or indeed about any other suggestions for controlling production. After reviewing previous experience with large carryovers it concluded that "The need for production controls *at this time* is not established".<sup>37</sup> However it did not provide explicit reasons for this conclusion. The department then set out a number of alternative courses that could be taken if production controls were "deemed necessary", and commented point by point on the paper submitted by Saint. It identified a number of problems which, after delivery quotas were introduced, became painfully obvious to wheat-growers.<sup>38</sup> It pointed out that the administration of any form of quota scheme would be both difficult and costly and that "It is yet to be demonstrated that the end could be achieved by the means suggested".<sup>39</sup> Further, it noted that quotas would tend to fix production patterns and could lead to an inefficient allocation of resources.

Of the other alternatives that it identified the department made specific comments on two - restricting acreages and reducing the first advance. It observed that controlling acreages without limiting total production could lead to intensive cultivation and large yields. It argued that reducing the first advance would be simpler than any quota scheme, but that a very sharp reduction would probably be needed to bring about measurable change. Although it did not put forward an extended

argument in favour of reducing the first advance, it is likely that the department regarded this as the best course to follow. Such a course was supported by academic economists<sup>40</sup> and had from time to time been studied in the department when the level of production was rising.

The government did not follow the department's advice. First, the department changed its mind soon afterwards on the need for introducing controls. Apparently officers of the department had formulated their advice at a time when estimates of the 1968-69 crop had fallen because of seasonal conditions. Although earlier in the year a large crop had been forecast, by November 1968 estimates had fallen to 435m. bushels.<sup>41</sup> This was still big, but might possibly have been managed without drastic action. In 1966-67 the Wheat Board had disposed of a record delivery of 440m. bushels. This lower estimate was also a factor in the decision to maintain the first advance for the 1968-69 crop at \$1.10 a bushel.<sup>42</sup> However once farmers began delivering the crop it was apparent that the estimate was too low. Final deliveries eventually totalled 515m. bushels. Moreover at its meetings in January 1969 the Wheat Board, after estimating deliveries at 487m. bushels, reviewing the likelihood of a further large crop in 1969-70, and taking into account the reduced demand for wheat, concluded that a problem did exist.<sup>43</sup> With existing storage capacity of 515m. bushels and a large carryover from the 1968-69 crop (estimated this time at 185m. bushels), the board anticipated that another large crop would lead to storage difficulties and discontent among farmers. It concluded that these factors pointed to "the necessity for at least curbing the present rate of expansion of production in Australia".<sup>44</sup>

Second, the government had already incurred the displeasure of many farmers by its stand in negotiations for the fifth stabilisation plan. It did not wish to add to this by taking responsibility for action to curb production. Making a sharp cut in the first advance would have been both highly unpopular and clearly the responsibility of the federal government.<sup>45</sup>



Any minister, whether Country Party or not, with a significant number of rural seats contributing to the government's majority, would have been reluctant to do this. Farmer discontent would have been the greater because farmers had come to expect that the first advance would be maintained at \$1.10 a bushel. To growers the first advance at this level was an assured and tangible benefit which made farm budgeting easier. For many growers it was sufficient to cover actual outlays in producing their crops. It also formed a basis on which to plan the following year's activities and could be used in approaching financial institutions for credit. Cutting the level of the advance would have meant that farmers would have had to wait for a greater proportion of their payment until shipments of grain from the pool concerned had been sold. This would have introduced more uncertainty into farm decision making and uncertainty of this kind is bitterly resented by many farmers.<sup>46</sup>

#### The Minister and the A.W.F.

Instead the Minister for Primary Industry adopted a strategy of inducing the A.W.F. to accept a large part of the burden. This involved a carefully considered mixture of praise for the capacity and sense of responsibility of the Federation; pointed references both to the powers of the federal government and the extent of federal contributions to the industry's welfare; and a statement of the implications for wheat-growers if production continued uncurbed. The minister did not put his views to a formal meeting of the Federation. However in the normal course of his work he had some contact, both formally and informally, with Federation representatives.<sup>47</sup> Also, one week before the Federation met in March 1969, he made clear publicly his appreciation of the situation. This was in a speech opening the Wimmera Machinery Field Days at Longerenong Agricultural College in Victoria.

The appropriate sections of the speech were persuasively put, had a clear relevance for the issues due for discussion by the A.W.F., and indeed invited the A.W.F. to recommend lines of action for the federal and state governments. The minister said,

I believe it would be unfortunate if control of production was forced upon the industry by law. Control of production imposed by legislation against the industry's advice and wishes would be a policy of despair. I believe no-one wants to see wheat production controlled in this way. I hope the industry itself will be able - in the meetings now being held in all wheat areas, and at the Australian Wheatgrowers' Federation meeting in Perth on 11th and 12th of this month - to work out some means of overcoming the problem the industry is now facing. I believe it will, and I will be eagerly waiting to hear what decisions are made. Should the industry voluntarily put forward proposals that would require State legislative backing to curb production or control deliveries, I would be happy to make myself available at the request of the State Ministers to try to co-ordinate a uniform national policy. A uniform policy I would think essential.<sup>48</sup>

The minister also made reference to the supply situation, the availability and expensiveness of storage space, the risk of providing too much storage in response to temporary circumstances, and the provision of the first advance. He posed the problems facing the industry in the following way.

The wheat industry's problems lies (sic) in the fact that production has outstripped available outlets, and that the storage system will be unable to accommodate even a moderately large crop next season, let alone a crop of the dimensions of this season's. And the grower has reason to be very concerned about this. Even if it were possible to maintain the level of the first advance at \$1.10 per bushel, you would get that \$1.10 only when you delivered your wheat. If the storages were full you would not be able to deliver and you would not get paid. And if pool payments are delayed and the Wheat Board remains longer in debt, this in turn would mean heavier interest charges and lower returns.<sup>49</sup>

He stated that with an expected carryover of more than 200m. bushels and storage space for 515m. bushels, growers could not expect to deliver more than about 300m. bushels from the next season's crop - unless more storage was provided or sales were unexpectedly good.

His discussion of the first advance was lengthy. He denied that he had advocated controlling production by manipulating the first advance but pointed out that the government could not guarantee that the advance would remain at \$1.10 in future seasons. He outlined how the advance was financed and referred to the increase in the Wheat Board's indebtedness to the Reserve Bank - from \$509m. to approximately \$600m. - because of the unexpected increase in deliveries during the 1968-69 season. He forecast that unless sales improved the board would not be able to repay the loan within twelve months and that, at the end of that period, up to \$200m. could be outstanding. Further, he pointed out that the size of the debt outstanding would be a major factor when the government considered the level of the advance for the following year.<sup>50</sup>

Thus while inviting the A.W.F. to formulate a response for the industry to its problems of production, and disavowing government preferences

for alternative measures that had been canvassed, the minister in effect defined the Federation's options for it. His argument turned on the value placed by farmers on the existing level of the first advance. By emphasising the danger of a reduction, while denying that he intended to use such a reduction to control production, he transferred to the Federation responsibility for making the first explicit movements towards controls. He reinforced this position by declining to consider proposals from state farm organisations, their branches, or individual farmers until the Federation had met.<sup>51</sup>

### A.W.F. Proposals

The A.W.F. met in Perth on 11 March 1969. Following its meeting in January state organisations had sponsored meetings of farmers at which the issues before the industry were presented. Several state organisations had then prepared their own proposals. Except in Victoria these followed principles similar to those outlined in the scheme discussed earlier by the U.F.G. in South Australia. The V.F.U. proposed that controls should be imposed on an acreage basis. This was put forward in an attempt to forestall problems of over-border trading outside the Wheat Board, which would arise as soon as there were plentiful supplies of over quota grain.<sup>52</sup> Because of the constitution the legislation setting out the Wheat Board's powers could not prevent over border trading, although the board had developed a number of procedures which in normal times inhibited the practice.

Although most affiliates were moving towards similar policies it was by no means certain that the A.W.F. would be able to agree on a definite set of proposals. As soon as proposals were given a precise form, strong tensions emerged. These involved rivalries between states and between regions within states; differences in the kinds of wheat produced and in the ease with which they could be sold; and differences between kinds of producers. For example soft wheat growers in South Australia, Victoria and southern New South Wales, all mixed farming areas where wheat had long been established as a significant

crop, feared the move into wheat in northern New South Wales and Queensland by graziers and large property holders who could produce large quantities of more easily sold hard wheat. In turn producers in these areas, whether new-comers to the industry or not, did not see why their capacity for production should be curbed in order to assist growers producing grain in less demand. Further, producers had different histories of production, resulting from variations in seasonal conditions and past management decisions. The precise base period on which any controls were founded thus assumed great importance.<sup>53</sup> Finally, some organisations and farm leaders were still unenthusiastic about the path they were taking. The Graziers' Association of New South Wales (recently admitted to membership of the A.W.F.) was still formally committed to opposing production controls, the United Farmers and Woolgrowers' Association had no firm policy to take to Perth, and Mr J.P. Cass, a member of the Wheat Board and U.F.W.A. delegate to the A.W.F., suggested publicly that the federal government could assist the industry by enabling the Wheat Board to offer more attractive terms to overseas buyers. Mr Cass also suggested that the government ought to state more definitely its attitude towards the industry's future and whether it considered present production excessive.<sup>54</sup>

Nevertheless at the Federation meeting delegates readily agreed that production control was necessary, that the Federation should prepare a plan for recommendation to its affiliates, that any controls should be conditional on the first advance remaining at \$1.10 a bushel, and that any plan should be ratified by Federation affiliates by 30 May 1969. Resolutions on these points were carried without dissent.<sup>55</sup> Victorian delegates found no support for acreage restrictions and the meeting then decided, also without dissent, that production controls should be on a delivery quota basis and that any scheme should be flexible, protect traditional and small growers, and not restrict production of "readily saleable" grain. Further, delegates set a basic national delivery quota of 344m. bushels and expressed the view that a desirable carryover in any year would be 50% of the delivery quota for the year.

But once the discussion turned to state quotas, disagreements came to the fore. These involved the base period on which such quotas should be calculated and the means of providing for producers of "readily saleable" prime hard wheat. Much debate took place on the merits of three, five and seven year averages of production and on the possibility of establishing a separate pool for prime hard wheat. Ultimately delegates agreed on a five year average and supplementary prime hard quotas for New South Wales and Queensland, the two states producing prime hard wheat. Agreement on the device of supplementary quotas came only after a separate meeting of the president, T.M. Saint, the general manager of the Wheat Board, L.H. Dorman, and delegates from New South Wales and Queensland. At this meeting Mr Dorman suggested the means of meeting the problem. With these matters agreed upon delegates then carried a resolution setting out the basic quotas for each state and arranged to present their proposals as soon as possible to the Minister for Primary Industry.<sup>56</sup>

### Making the Scheme Work

Once the A.W.F. had accepted delivery quotas the Minister for Primary Industry initiated a series of further steps to formulate the scheme on workable lines and give it legislative backing. This was not a simple process; nor was it one over which the A.W.F. could have control. It involved further consideration of the scheme by the Federation but also action by the Department of Primary Industry, the Wheat Board, state governments and bulk handling authorities. In Perth the A.W.F. did not discuss the implementation of the scheme. Members of the Federation executive had a brief discussion before meeting the Minister for Primary Industry in Sydney on 28 March 1969, a fortnight after the Perth meeting. They were concerned mainly with processes for allocating quotas to individual growers. On receiving assurances from the A.W.F. that the scheme would work,<sup>57</sup> the minister called a meeting of the Agricultural Council. He expressed his concern to have the scheme in operation for the coming season. Indeed he attempted to secure binding agreement to it well before the A.W.F.'s deadline at the end of May.

The Agricultural Council meeting on 10 April 1969, however, did not go smoothly.<sup>58</sup> State ministers had differing ideas about the contents and implications of the A.W.F.'s proposals. Although the Department of Primary Industry had asked for as complete a statement as possible of the proposals, it found that it had to rely on the record in the Federation's minutes. This set out the proposals but did not explain them. Moreover state ministers had received different accounts of the Federation meeting from their respective state organisations. In one case a state organisation had warned a minister of the inadequacy of the A.W.F.'s statement of the scheme and urged him to defer making a decision on it until further studies had been made. Further, ministers were concerned at being asked to agree to introduce controversial legislation without having adequate information before them. They also wanted an assurance that if the scheme were adopted the first advance would remain at its present level. This the Minister for Primary Industry refused to give; he pointed out that if the scheme did not operate and the 1969-70 crop was as large as expected, the first advance could be as low as 75¢. a bushel. The result of the meeting was an acceptance in general terms of the need to curb production and a decision to call a meeting of federal and state legal representatives to examine necessary legislation. The meeting also requested that the A.W.F. draw up a statement of its proposals in detailed form and send it to each minister.

The Minister for Primary Industry promptly directed his departmental officers to arrange a meeting with the A.W.F. and secure an appropriate statement. Accordingly officers of the Department of Primary Industry, together for part of the time with officers from the Wheat Board, met the executive of the A.W.F. in Melbourne on 16 April 1969. At this meeting an officer of the department specified the main problem areas.<sup>59</sup> These included the means by which delivery quotas were to be implemented and the extent of state government responsibility for implementation; the right of growers to carry forward amounts of quotas not filled; and the meaning of "readily saleable" and the eligibility of such wheat for the first advance.

Discussion of the question of implementation revealed that understanding of the legislative requirements of the scheme was both uncertain and unevenly distributed. A delegate from one state reported that the state minister did not want to introduce any legislation at all and was hoping that existing legislation covering the bulk handling of grain would provide the necessary legal support. A similar position was also reported from another state. Another delegate suggested that the Wheat Board could simply advise the handling authorities how much wheat they were to receive.<sup>60</sup> In the end the Federation agreed that such matters were beyond its reach and merely expressed the wish that as the fiscal and legal implications of the scheme were worked through the principles formulated by the Federation should be retained.<sup>61</sup> Of the other problems mentioned, the question of growers carrying forward entitlements to unfilled portions of quotas was settled fairly easily once Wheat Board officers said it was administratively possible, but defining "readily saleable" was difficult. This question raised again the tension existing between producers of different kinds of wheat. No-one wanted to concede that his varieties could not be sold. Ultimately a formula was evolved for assessing the sales performance of non-quota wheat accepted by handling authorities and allocating proportions of such wheat that had been sold to individual growers. Following the meeting the newly elected general secretary, G.E. Andrews, the economic adviser, T.S. Jilek, and officers of the Wheat Board prepared a working paper which, after confirmation by affiliates of the Federation, was circulated to all ministers concerned.

## Decisions on Legislation

The working paper was despatched to the Minister for Primary Industry on 25 April 1969. In anticipation that the quota scheme could proceed the minister had secured cabinet approval for it on 23 April. With the working paper in hand he brought to a conclusion the process of securing commitments from the state ministers,



called a meeting of federal and state legal officers, and on 30 April issued a public announcement that the scheme would be put into force.<sup>62</sup> The meeting of legal officers took place on 13 May 1969.<sup>63</sup> Federal representatives advocated as much uniformity of legislation as practicable while attempting to restrict the extent of federal legislative effort. Agreement on most points was reached without fuss. But on the question of which level of government should legislate to empower licensed receivers, pursuant to the scheme, to refuse to accept deliveries of wheat, disagreement took place. This provision was to form the centre piece of the scheme's legislative authority. Federal representatives argued that only the states could enact appropriate provisions, but one state's representatives, speaking on instructions from their minister, argued that the Wheat Board could cover the point by exercising its power to direct bulk handling authorities. Although the other states did not pursue the matter, the state bringing forward the argument maintained pressure on the federal government. Had the government accepted the point, it would also have had to accept the unpopularity arising from the operation of the scheme. In the end, some time after the meeting, the department sought a formal opinion from the Attorney-General's Department and, when this supported the federal view presented earlier, the recalcitrant state fell into line. Although the incident did not seriously threaten the federal government's position it provided a further and pointed illustration of federal reluctance to accept public responsibility for the scheme.

Following the meeting of legal representatives, the department sent a summary of proceedings (omitting references to the disagreement on the issue above) to the A.W.F. The Federation agreed with the legislative action proposed and thereafter state organisations had close contact with their state authorities about necessary legislation.<sup>64</sup> As passed the legislation differed from state to state, but federal officers did draft model legislation to indicate what was needed. By the end of 1969 all states except Queensland had passed legislation and quotas applied to deliveries from the 1969-70 harvest. In Queensland poor seasonal conditions meant that there was no urgency in introducing the scheme and legislation was not passed until 1970.

Federal legislation was also not passed until 1970.<sup>65</sup> Its contribution to the working of the scheme, although essential, was inconspicuous. Except in respect of the A.C.T. the legislation did not deal directly with quotas. It recognised that the administrative costs of working the scheme should be chargeable to the relevant pool, that is that the industry itself should pay the costs. More significantly it altered the definition of a pool to exclude non-quota wheat. Previously the stabilisation legislation had provided that all wheat from a season would form one pool. The federal legislation also gave discretionary authority to the Wheat Board to sell wheat in Australia, for other than human consumption, at a price lower than the home consumption price. This arose from concern about over border trading outside the Wheat Board and represented an attempt to reduce the incentive of those trading in and using wheat for stock feed to participate in such sales. The A.W.F.'s endorsement of this step had been secured, but on this occasion the Federation had been reluctant to co-operate. When the matter was first raised at a joint meeting in August 1969 attended by Federation delegates and representatives from the Wheat Board and Department of Primary Industry, Federation delegates rejected by thirteen votes to nine any change in the home consumption price.<sup>66</sup> At a further meeting in September the Federation agreed to allow sales below the home consumption price provided that these did not go below the ruling guaranteed price for export wheat and that the federal government made up the difference in price to the Wheat Board.<sup>67</sup>

## Problems and Conclusions

Once the quota scheme began operation many difficulties, ignored or only partially appreciated during the process of formulating the scheme, became obvious. Each state had its own particular problems and controversies. The state affiliates of the A.W.F. had to explain and justify the scheme to puzzled and often angry growers. Frequently their stands involved them in internal troubles and the loss of members. Doubts were raised about the fairness, effectiveness and actual necessity of the scheme. Alternatives were proposed and debated with ardour and intensity. In retrospect formulating the scheme was nowhere near as difficult or bothersome as trying to make it work.

It is not the purpose of this discussion to examine specific problems of implementation or to assess the impact of the quota scheme. However it is relevant in reviewing the process of formulation to sketch some of the problems encountered. These can be divided, although with overlaps, into two categories: problems of procedure and problems of impact. Procedural problems included: difficulties in allocating quotas fairly, even in straightforward cases; questions of allocating quotas to new lands farmers, newcomers to the industry, partnerships and sharefarmers; dealing with appeals; disputes between states over the allocation of state quotas, the filling of state shortfalls, the alleged delivery in one state of f.a.q. grain against a prime hard quota, and the declaration of wheat as "readily saleable"; over border trading; and clerical problems such as lack of qualified staff, arithmetical and other errors, and, in one state, the loss of essential documents. Although derived from the application of a federally inspired scheme, these problems were the responsibility of state governments and state farm organisations.

While for individual farmers and many farm leaders, procedural problems had more salience than questions about the impact of the scheme, the latter had considerable significance for the trend of policy in the industry. The scheme put immediate welfare considerations ahead of a concern for the efficient allocation of rural resources. It put a further shield between farmers and the impact of overseas markets and risked the freezing of wheat production patterns along the lines current at its introduction. As Tom Connors states, "In the long term fixed quotas inhibit a shift in production from high to low cost regions, from inefficient to efficient growers and from areas producing varieties in oversupply to those climatically suitable for producing wheats in demand."<sup>68</sup> Some of these problems could be alleviated by making individual quotas negotiable: a farmer who did not want to produce wheat could sell or lease his quota entitlement to a farmer who did. However negotiability was allowed only in Victoria and New South Wales, was not possible between states, and introduced a further element of complexity into an already cumbersome apparatus. On the other hand the imposition of quotas also stimulated diversification into other crops, notably coarse grains and oilseeds. This had beneficial effects, but also opened the way for the possible transference of wheat's problems of oversupply to other crops. Finally quotas had a differential impact on farm enterprises depending on the access farmers had to alternative avenues of production. This also called into question the fairness of using past production statistics as a basis for determining quotas.

Although the scheme involved a conspicuous change in the organisation of wheat deliveries, it was an initiative taken with reluctance. It represented an attempt to maintain existing policies which were under challenge. Essentially, neither governments nor growers' organisations wished problems of rising production to threaten the marketing and guaranteed price arrangements long accepted in the industry and renegotiated arduously in 1968.

In the process of deciding to introduce delivery quotas the participants traversed uncertain paths, concentrated on a limited number of key factors, and left many others out of consideration. In determining that a problem of oversupply existed, and in shaping the response to it, the critical interaction took place between the Minister for Primary Industry and the A.W.F. The important factors in their definition of the problem were the minister's concern to avoid political difficulties, which would arise from visible federal action, and the Federation's concern to maintain the level of the first advance. Once the Federation had agreed to the quota approach the state governments were induced to assume the legislative burden of the scheme. The federal government retained substantial control over the setting of the national quota by its control over the amount of money made available for the first advance. However once the scheme was in operation both the Federation and the state governments could win some points at issue by standing firm and raising the possibility that the federal government would be made responsible for the consequences of disagreement. This course was not possible, except at the risk of heavy costs, in the actual shaping of the scheme.

While the A.W.F. took responsibility for formulating the scheme in outline, the federal government took the lead in organising its practicable formulation. At this stage the Department of Primary Industry and the Wheat Board both had important roles to play. In particular the department, despite its initial reservations about the whole enterprise, had responsibility for securing a revised statement of the scheme from the Federation and ensuring that the state governments did indeed assume the required legislative burden.

For critics of the scheme the problem is to identify means by which the Minister for Primary Industry and the A.W.F. could have been induced to change their definition of the problem. At the outset the Department of Primary Industry had clearly and

eogently expressed doubts about the scheme and even more elaborate and sophisticated policy advice from the Department of Primary Industry would probably have had little effect on the ultimate direction of policy. In the field of agricultural policy the acceptance by political actors of professionally based advice is situational and incremental. For those who argue that political actors should take more notice of such advice, an appreciation of this state of affairs is the first step.

## References

- 1 See the statement by J.D. Anthony, Minister for Primary Industry, *C.P.D.*, H. or R., Vol. 63, 30 April 1969, p.1489; see also, Australian Wheatgrowers' Federation, *Minutes*, 20 June 1969.
- 2 For details of the quota scheme see W.L. Hellier, "Australian Wheat Delivery Quotas", *The Wheat Situation, July 1972*; B. Rosenthal, *Wheat Quotas in Australia*, Department of Primary Industries, Brisbane, 1975. For critical comment see F.J. Jarrett, "Quota Arrangements for the Wheat Industry", paper presented to conference of Australian Agricultural Economics Society, Adelaide, February 1971; K.O. Campbell, "A Wheat Policy for the Seventies", *Australian Journal of Agricultural Economics*, vol. 15, no. 1, April 1971; K.O. Campbell, "Wheat", *Current Affairs Bulletin*, vol. 45, no. 1, December 1969; Hylde Rolfe, "The Australian Wheatgrowers' Federation: Quest for Consensus", *Farm Policy*, vol. 10, no. 1, January 1970; Tom Connors, *The Australian Wheat Industry, Its Economics and Politics*, Gill Publications, Armidale, 1972.
- 3 See Connors, *The Australian Wheat Industry*.
- 4 *ibid.*
- 5 For the role of farm organisations, including the A.W.F., see R.F.I. Smith and G.S. Harman, "Australian Farm Organisations and the making of Farm Policy", unpublished paper, 1974.
- 6 McEwen was shortly to retire and Anthony (deputy leader) was engaged in a contest for the leadership, which he won in 1971.

- 7 Don Aitkin, *The Country Party in New South Wales*, A.N.U. Press, Canberra, 1972, chapter 16.
- 8 C.P.D., H. of R., vol. 49, 23 November, p.3044.
- 9 Aitkin, *The Country Party in New South Wales*, pp. 272-273; Connors, *The Australian Wheat Industry*, pp. 90-91.
- 10 Smith and Harman, "Australian Farm Organisations and the Making of Farm Policy". See also R.F.I. Smith, "Farmers and the Australian Wheat Board - Emergence of a Farmer Majority" *Farm Policy*, part 1, September 1974; part 2, December 1974.
- 11 In 1969-70 the affiliation fee was \$500 per delegate. There were twenty two delegates, distributed as follows: Farmers Union of W.A., five; United Farmers and Woolgrowers of N.S.W., four; Graziers' Association of N.S.W., one; Queensland Grain Growers' Association, four; United Farmers' and Graziers of S.A., four; and Victorian Farmers' Union, four.

For some years the Federation had been attempting to persuade the federal government to provide finance for it by collecting a levy on all wheat handled by the Wheat Board. See for example, A.W.F., *Minutes*, 11-13 March, 1969, p.4. As a result of expenses incurred in holding meetings during the introduction of wheat quotas the Federation requested a financial contribution from the federal government. A.W.F., *Minutes*, 21 November 1969. This was refused but the Federation was permitted to draw an amount from Wheat Board funds. A.W.F., *Minutes*, 6-7 January 1970, p.4.



- 12 Connors, *The Australian Wheat Industry*, p.72.
- 13 This point does not imply that all Country Party farm leaders wanted to disagree with Country Party ministers, but that if such a leader decided to do so his party standing and contacts would constitute important political resources in addition to those available from his position in a farm organisation.
- 14 Connors, *The Australian Wheat Industry*, chapter 6.
- 15 See *ibid.*, for comments by Connors and references to other sources.

16 Wheat Sowings and Production

	Area Sown (million acres)	Production (million bushels)
1962-63	16.47	306.9
1963-64	16.47	327.9
1964-65	17.92	368.8
1965-66	17.51	259.7
1966-67	20.82	466.6
1967-68	22.44	277.3
1968-69	26.80	543.9
1969-70	23.44	387.5
1970-71	16.00	289.9

Source: Australian Wheat Board, *Annual Report: Season 1971-72*, Melbourne.

- 17 See the views of Professor A.G. Lloyd as put, for example, in *The Age*, 6 August 1969.
- 18 When chairman of the Wheat Board, Sir John Teasdale had at one stage in the 1950s urged a cut back in production. See also A.W.F., *Minutes*, for periodic warnings by Wheat Board members of problems in disposing of grain stocks.

- 19 *Victorian Wheat and Woolgrower*, 5 April 1968. Shortly afterwards the Victorian Wheat and Woolgrowers' Association amalgamated with the Victorian division of the Australian Primary Producers' Union to form the Victorian Farmers' Union.
- 20 C.P.D., H. of R., vol. 61, p. 3098.
- 21 *Victorian Wheat and Woolgrower*, 3 May 1968; *Victorian Farmer*, 23 October 1968.
- 22 Unless farmers could deliver their wheat they could not claim for payment and because of variations between districts some farmers had harvested their whole crops before others could begin reaping. In the queues at silos alleged maladministration by bulkhandling authorities was a frequent topic of conversation.
- 23 A.W.F., *Minutes*, 13 September 1968. This was reported by Tom Connors in the *Financial Review*, 24 September 1968, p.6.
- 24 A.W.F., *Minutes*, 25 April 1968, p.7; 23 August 1968, p.3.
- 25 Connors, *The Australian Wheat Industry*, p.90.
- 26 United Farmers and Graziers of S.A., Wheat and Grain Executive, *Minutes*, 14 November 1968.
- 27 *ibid.*
- 28 However U.F.W.A. representatives were quick to point out the origins of the scheme. See, *Report of Meeting of Australian Wheatgrowers' Federation*, 17 January 1969.
- 29 U.F.G.S.A., *Minutes*, 14 November 1968. See also, *Primary Industry Newsletter*, 18 December 1968.
- 30 U.F.G.S.A., *Minutes*, 14 November 1968.

- 31 A.W.F., *Minutes*, 17 January 1969.
- 32 See the report by Adrian Lynch in *The Australian*, 23 January 1969.
- 33 A.W.F., *Minutes*, 17 January 1969.
- 34 *ibid.*
- 35 *ibid.*
- 36 G.E. Andrews of the U.F.G.S.A. was elected secretary in March 1969.
- 37 Australian Department of Agriculture, file 200-18-2, part one. Secretary, Department of Primary Industry, to Minister, 29 November 1968.
- 38 These difficulties included defining a wheat-grower, making allowances for newcomers to the industry, and working out procedures by which handling authorities and the Wheat Board could give preference to quota wheat.
- 39 Secretary to Minister, 29 November 1968.
- 40 Campbell, "Wheat", *Current Affairs Bulletin*; see also the views of A.G. Lloyd, *The Age*, 6 August 1969; and F.H. Gruen, *Weekly Times*, 27 November, 1968.
- 41 *Address by the Minister for Primary Industry and Deputy Leader of the Australian Country Party, Hon. J.D. Anthony, M.P., Longerenong Agricultural College, Victoria, 4 March 1969, p.5.*
- 42 *ibid.*
- 43 Australian Department of Agriculture, file 200-18-2, part one. Draft memorandum from chairman, Australian Wheat Board, no date.
- 44 *ibid.*

- 45 Moreover this was a time of general anxiety among farmers at falling incomes, particularly from wool sales.
- 46 For a historical perspective on this theme see B.D. Graham, *The Formation of the Australian Country Parties*, A.N.U. Press, Canberra, 1966, especially chapters 1-2.
- 47 For example during cabinet's economic talks with representatives of various groups. These took place the day before the A.W.F. met in March 1969.
- 48 *Address by the Minister for Primary Industry and Deputy Leader of the Australian Country Party, Hon. J.D. Anthony, M.P., 4 March 1969, p.4.*
- 49 *ibid.*
- 50 *ibid.*, p.6.
- 51 Australian Department of Agriculture, file 200-18-2, part one.
- 52 The V.F.U. wanted all wheat produced to be accepted for storage. See *Primary Industry Newsletter, 19 February 1969* and A.W.F., *Minutes, 11-13 March 1969, p. 18.*
- 53 As K.O. Campbell pointed out an average of past production performance favoured states and regions where production had expanded less rapidly. "Wheat", *Current Affairs Bulletin, December 1969.*
- 54 *Sydney Morning Herald, 10 March 1969.*
- 55 A.W.F., *Minutes, 11-13 March 1969.* Later the Graziers' Association of N.S.W. asked that these motions, originally listed as carried unanimously, be listed as carried without dissent.

56 The basic quotas for each state were:

N.S.W.	123m.	bushels
Victoria	65m.	"
S.A.	45m.	"
W.A.	86m.	"
Qld.	25m.	"

In addition N.S.W. was allocated an extra quota of 7m. bushels and Queensland an extra quota of 6m. bushels for prime hard wheat.

- 57 *The Australian*, 29 March 1969.
- 58 *Sydney Morning Herald*, 11 April 1969. See also V.F.U., Grains Division Executive, *Minutes*, 21 April 1969, p. 40.
- 59 A.W.F., *Minutes*, 16 April 1969.
- 60 *ibid*, As outlined below a similar view was also pressed by one state government.
- 61 A.W.F., *Resolutions (And Corresponding Interpretations) Passed at the A.W.F. General Meeting in Perth, March 11th - 13th, 1964.*, p. 1.
- 62 C.P.D., H of R., vol. 63, 30 April 1969, p. 1489.
- 63 Australian Department of Agriculture, file 200-18-2, part one. *Conference of Legal Representatives of Commonwealth and States held at Melbourne on 13/5/69, to consider the Possible Need for Legislative Action to Implement the Wheat Quota Scheme.*
- 64 State organisations were consulted about most details of the legislation and in some cases dealt directly with parliamentary draftsmen. In introducing the legislation state ministers made extensive references to grower responsibility for the scheme.
- 65 *Wheat Industry Stabilisation Act, 1970.*
- 66 A.W.F., *Minutes*, 13 August 1969.

67 *ibid.*, 3-4 September 1969, p. 6.

68 Connors, *The Australian Wheat Industry*,  
p. 108. See also Campbell, "Wheat",  
*Current Affairs Bulletin*.

## CONCLUSIONS

These two widely different cases both show active governments getting what they wanted. In the case of the Schools Commission the policy of the government had been determined in opposition. It incorporated both reactions to initiatives taken by the former government and positive commitments to improving conditions in schools through increased federal activity. The establishment of the Schools Commission had high priority in the legislative programme of a newly elected government keen to demonstrate its willingness to use federal resources in the interests of reform. By contrast the introduction of delivery quotas for wheat was a reluctant response to a developing situation. The value attached by farmers to existing arrangements for the marketing of wheat, their reluctance to consider proposals for limiting production, and the dependence of existing arrangements on complementary federal and state legislation, inhibited early consideration of government action. Although the introduction of wheat quotas involved new departures in wheat policy the motivation for the change, both for the government and for the Wheatgrowers' Federation, had more to do with the maintenance of existing policies than with the construction of new ones. Once it had decided to take action the federal government, while most influential in shaping the scheme, devolved as much responsibility for it as possible to the Wheatgrowers' Federation and the state governments. It assumed a minimum of legislative responsibility.

In both cases the federal government had sufficient information to enable attainable objectives to be formulated, adequate resources to achieve them, and sufficient commitment and skill actually to deploy these resources. The extent of the government's influence in the two situations may nevertheless obscure the difficulties that governments commonly have in bringing together the appropriate mixture of information, objectives, resources, skill, and commitment. These cases involve important, but marginal, adjustments to

government policy. Moreover the studies concentrate on restricted segments of ongoing patterns of policy; emphasise the effects of deliberate decisions; and do not proceed from examinations of policy formulation to extensive studies of implementation. But, as stated in the introduction, public policy consists of changing patterns, formed both by deliberate decisions and the interplay of political and contextual forces. In order to examine these factors in any detail the present case studies would have to be greatly extended.

As they stand the cases do illustrate some of these points in relation to processes of policy formulation. Both cases illustrate the partial and pragmatic nature of analyses accompanying the formulation of objectives, the impact of short-term and partisan political considerations, the retracing of steps to take into account factors previously ignored, the preparation of alternative courses of action in response to dynamic situations, and the complexities introduced by having numerous participants involved (both individual and organisational), each with varying views and commitments. With the establishment of the Schools Commission, these factors are brought out clearly in the account of the preparation and passage of the legislation. In the introduction of wheat quotas they are seen in operation throughout, but are especially relevant to the processes by which the problem surrounding the volume of production was identified and defined.

In showing governments getting what they wanted, these cases also illustrate the ways in which governments can resist the demands of pressure groups and turn the activity of such groups to government advantage. With the Schools Commission the government effectively froze out pressure groups at the stage of determining the composition of the commission. During the passage of the legislation pressure groups were vocal, but the value that they placed on the federal government's proposals for educational spending meant that their loudest cries were raised in support of the legislation. This helped encourage a section of the opposition, mindful of the electoral appeal of the proposals, to compromise with



the government and allow the legislation through the Senate. In the case of wheat quotas the activities of the Wheatgrowers' Federation directly reduced the policy burden carried by the federal government. The flow of pressure was not so much towards the government, but from the government towards the Federation. The Federation could have attempted to place responsibility for the scheme on the federal government and if it had not taken responsibility for proposing the scheme the government would have been severely embarrassed. But the Federation also wished to maintain its claim to determine policy for the wheat industry, and the consequences of doing nothing about rising levels of production would have hurt the Federation at least as much as the government. Had the first advance been cut, growers' organisations would have been widely blamed for not taking effective action. From the Federation's point of view 'selling' quotas to farmers seemed the lesser of two evils. The government skilfully reinforced the Federation's reasoning.

Similar considerations apply to the role of state governments. In each case the federal government identified its proposed course of action and successfully resisted attempts by state governments to make it give ground. With the Schools Commission the states had little to bargain with and moreover did not attempt to withhold one of the main resources on which the federal government relied - the provision of information from the state education departments. With wheat quotas the federal government induced the states to assume the main legislative burden by reference to the decisions of the Wheatgrowers' Federation; to its contributions to existing marketing and price arrangements; to its lack of constitutional power over agricultural production; and to the possible consequences for the states if no action were taken.

In both cases the direction taken by the federal government began with a political choice. While illustrating the ways in which public servants become involved in policy matters these cases do not illustrate the capacity of public servants to generate policy initiatives. With the Schools Commission public servants became involved as soon as the government took office. They had made studies of Labor policy and moved quickly to assist the prime minister and minister designate in establishing the commission. With wheat quotas public servants became involved less abruptly but at first advised the minister against the policy eventually adopted. Nevertheless, as in the case of the Schools Commission, they participated actively in the process of giving the policy its final shape. In neither case did public servants present advice suggesting that they were disproportionately oriented towards the interest groups active in their areas. A bias towards interest group clients is often regarded as characteristic of departments in fields such as education and agriculture, but it was not evident in these cases.

However the manner in which public servants dealt with the politics of the two cases differs strikingly. With the minister's approval the public servants in the Department of Education involved themselves clearly in the legislative struggle. They gave support to their minister by pointing to flaws in the arguments advanced in parliament by his opponents and even presented possible solutions to the parliamentary deadlock; some of them freely acknowledged their political role. In contrast the public servants in the Department of Primary Industry were more reticent. They advised their minister frankly, accepted his direction loyally, and worked hard and competently to achieve his objectives. It is clear that they understood the politics of wheat quotas, but it is clear also that they wished to minimise their open and identifiable contact with it. Out of loyalty to the minister they advised him on political matters (it is probable that they helped to draft his significant speech before the Perth meeting of the A.W.F.), but out of a concern for

anonymity they wished to minimise outside perceptions of their role.

It has been argued that in the interests of public understanding of the complexities of policy making processes there is a case for the more explicit acknowledgment by senior public servants of the political nature of much of their work and for more access by members of the public to the internal workings of government. Both of these cases bear on these propositions but their import is not clear cut. In the area of education policy the establishment of the Schools Commission was not only fulfilling the election pledge of a political party but was also something that many people concerned with education could agree with. In such a case acknowledgement by public servants of the political nature of some of their work, and public awareness of this, would have involved few costs. But with wheat quotas the political implications for the minister, his party and the growers' organisations were such that too open a view of the duties of the public servants concerned would have placed them in a difficult position. It would have exposed them to imputations of political partisanship that would have been both unjustified and hard to resist.

Although these studies concentrate on policy formulation rather than on implementation, the significance in both cases of political choices has important implications for proposals for policy evaluation. The circumstances in which the two policies were introduced illustrate the extent to which existing patterns of political preferences limited the consideration of particular alternatives, and the manner in which the political rationality of the ministers overrode advice that, however sound, opposed that approach. Further the diffusion of responsibility for the introduction of wheat quotas or the actual expenditure of the money recommended by the Schools Commission also diffused responsibility for appraising the impact of the policy. At the same time, once the Schools Commission had been established and wheat quotas introduced, the interest groups concerned became attached to the arrangements arrived at. In the case of the Schools Commission, once the recipients of funds had seen the

benefits for themselves in the government's policy, they gained commitment to it and were likely to oppose major changes in policy. In the case of wheat quotas the difficulties met by constituents of the A.W.F. in persuading growers of the worth of the scheme reinforced their commitment to it. Many of them would resist alternative proposals because they would not want to risk going through the same experience again with a different scheme.

Evaluations of policies thus have to address not only administrative and technical questions arising from the implementation of policy, but the political circumstances of ministers and their public service advisers. They can also attempt to change the context of political debate, but this is a slow and uncertain process. No evaluation, however competent, can have much effect unless these factors are borne in mind. Moreover some observers of government policy are cynical about the extent to which any evaluation could usefully engage some varieties of political reasoning.

DEPARTMENT OF POLITICAL SCIENCE  
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*Research Interests*

The Department is working in selected fields of Australian politics, bureaucracy and public policy and comparative politics.

Structural studies of the Australian party system and political attitudes are supported by regional and national survey research; the compilation and analysis of comprehensive election statistics; case studies of party and pressure group organisation and strategy; and research on Australian political history and thought since 1890.

Research on bureaucracy and public policy-making is focused on recent changes in the machinery of Australian central government and in the relations between central, state and local governments; it includes case-studies on the administration of selected policies.

In comparative politics, the Department's main interests are in the politics and government of the USSR and Eastern European countries and in political and administrative development in Papua New Guinea.