This thesis is my own work and all
sources have been acknowledged

Reorienting a Nation:

Consultants and Australian Public Policy

John Francis Martin

by

John Francis Martin

Research School of Social Sciences

December, 1995

A Thesis submitted for the degree of Doctor of Philosophy of the
Australian National University

Acknowledgments

Many people have provided support and encouragement over the period that this thesis has been in the making. My supervisor Jane Marceau has shown continuing support and encouragement. This thesis is my own work and all sources have been acknowledged. My co-supervisors Barry Hudson and Don Anderson provided back up and were always prepared to make time to discuss my work. To them go my sincere thanks. As a teaching staff member, I have had to undertake this work largely on a part-time basis and their support and encouragement is greatly appreciated.

(John Francis Martin)

Pat Troy and his colleagues at the Urban Research Program provided me with more than time and space when I took six months off in the latter half of 1990 to work full-time on the research. Pat provided the ideal balance of freedom and support to think while always quietly edging me towards an outcome. Will Sanders and Stephen Mugford, also at the Australian National University, provided support and encouragement throughout the research.

Since joining the Faculty of Management at the University of Canberra in 1991 my colleagues have provided a supportive work environment for me to complete this research. To Jim McMason, Roger Warburton, John Halligan, Chris Aulich, Marian Sawyer, Gwyn Shingleton, Harry O'Leary, Paul Krings, Frank Hickey, John O'Brien and Jan Hennessey go my thanks.

I would also like to thank the University of Canberra for providing support under its staff development scheme allowing me a release from my duties for one semester to assist in the writing of this thesis.

Acknowledgments

Many people have provided support and encouragement over the period that this thesis has been in the making. My supervisor Jane Marceau has shown continuing

This thesis is my own work and all sources have been acknowledged

been divided between my research. As co-supervisors Barry Hindess and Don Anderson provided back-up and were always prepared to make time to discuss my work. To them go my sincere

thanks. As a teaching assistant, I have been able to devote this work largely on a

part-time basis. Their encouragement is greatly

appreciated.

(John Francis Martin)

Pat Troy and his colleagues at the Urban Research Program provided me with more than time and space when I took six months off in the latter half of 1990 to work full-time on the research. Pat provided the ideal balance of freedom and support to think while always quietly edging one towards an outcome. Will Sanders and Stephen Mugford, also at the Australian National University, provided support and encouragement throughout the research.

Since joining the Faculty of Management at the University of Canberra in 1991 my colleagues have provided a supportive work environment for me to complete this research. To Jim McMaster, Roger Wainwright, John Halligan, Chris Aulick, Marian Sawyer, Gwyn Stagliano, Mary O'Leary, Paul Krings, Frank Hicks, John O'Brien and Jim Haremy go my thanks.

I would also like to thank the University of Canberra for providing support under its staff development scheme allowing me a reduced teaching load for one semester to assist in the writing of this thesis.

Acknowledgments

Many people have provided support and encouragement over the period that this thesis has been in the making. My supervisor Jane Marceau has shown continuing confidence in me over this period as my attention has been divided between other academic work and this research. As co-supervisors Barry Hindess and Don Anderson provided back up and were always prepared to make time to discuss my work. To them go my sincere thanks. As a teaching academic who has undertaken this work largely on a part-time basis their continuing support and encouragement is greatly appreciated.

Pat Troy and his colleagues at the Urban Research Program provided me with more than time and space when I took six months off in the latter half of 1990 to work full-time on the research. Pat provided the ideal balance of freedom and support to think while always quietly edging one towards an outcome. Will Sanders and Stephen Mugford, also at the Australian National University, provided support and encouragement throughout the research.

Since joining the Faculty of Management at the University of Canberra in 1991 my colleagues have provided a supportive work environment for me to complete this research. To Jim McMaster, Roger Wettenhall, John Halligan, Chris Aulich, Marian Sawer, Gwyn Singleton, Harry Oxley, Paul Kringas, Frank Hicks, John O'Brien and Jim Hanratty go my thanks.

I would also like to thank the University of Canberra for providing support under its staff development scheme allowing me a reduced teaching load for one semester to assist in the writing of this thesis.

Abstract

In the 1980s Australian governments experienced dramatic and often unprecedented change in the policy-making environment. Moves towards market-oriented, 'small' government in a context of world economic liberalisation created new and challenging issues for national governments. The use of consultants by successive Hawke Labor governments in the mid-to-late 1980s to facilitate reviews of public policy was a strategy important to dealing with the complexity of these issues. Using insights from a range of public policy literatures, the thesis investigates the hypothesis that the use of consultants to review important policy areas could be an effective strategy for devising major new directions needed in a context of economic turbulence. In this situation, the thesis suggests, use of policy consultants complements traditional policy-making processes and the management of public policy change by government.

The thesis concludes that consultancies can work well as vehicles for advocating fundamental policy change where issues are controlled by entrenched institutional forces; that policy consultancies require for their success an appropriate balance between the terms of reference, the comprehensiveness of the basic research into the issues, the degree of involvement with key stakeholders in the policy field and the degree of innovation in the recommendations or strategies arising out of the consultancy; and, that effective policy consulting demands rigour in analysis leading to a good understanding of the relationship between recommendations made and assumptions held about the nature of the problems addressed.

Abbreviations

ACOSS	Australian Council of Social Services
ACT	Australian Capital Territory
ACTU	Australian Council of Trade Unions
AGSM	Australian Graduate School of Management
AIDS	Acquired Immunodeficiency Syndrome
ALP	Australian Labor Party
AMA	Australian Medical Association
AMC	Australian Manufacturing Council
ANU	Australian National University
APS	Australian Public Service
BCA	Business Council of Australia
CAAIP	Committee to Advise on Australia's Immigration Program
CGTOOE	Capital Gains Tax Owner Occupied Exemption
CDCSH	Commonwealth Department of Community Services and Health
CIMS	Centre for Immigration and Multicultural Studies
CSHA	Commonwealth State Housing Agreement
CSIRO	Commonwealth Scientific Research and Industrial Organisation
DAS	Department of Administrative Services
DFAT	Department of Foreign Affairs and Trade
DOLGEA	Department of Immigration, Local Government and Ethnic Affairs
DOD	Department of Defence
DSS	Department of Social Security
EAC	Ethnic Affairs Council
FHOS	First Home Owners Scheme
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
IDU	Injecting Drug User
JCPA	Joint Committee of Public Accounts
NSW	New South Wales
OD	Organisation Development
OECD	Organisation for Economic and Cultural Development

OMA	Office of Multicultural Affairs	
PCEKT	Pappas Carter Evans Koop/Telesis	Page
PSB	Public Service Board	36
PSC	Public Service Commission	45
2.1	Operate versus	
2.2	Modes of Viewing the World	73
3.1	Total Public Sector Outlays in Australia	74
3.2	Commonwealth Budget Outlays, 1933-34 to 1990-91	
3.3	Numbers of all Australian Public Service Staff at 31 December 1983-1989	75
3.4	Possibilities for Government Strategies to Manage Policy Change	87
5.1	Unemployment rates according to family status of individuals, 1982	127
9.1	Contrasting links between policies recommended in the Garnaut and AMC reports	220

List of Figures

	Page
2.1 Deliberate versus Emergent Strategies	36
2.2 Modes of Viewing the World	45
3.1 Total Public Sector Outlays in Australia	73
3.2 Commonwealth Budget Outlays, 1953-54 to 1990-91	74
3.3 Numbers of all Australian Public Service Staff	75
3.4 Possibilities for Government Strategies to	75
Manage Policy Change	87
5.1 Unemployment rates according to family status of individuals,	97
1982	127
9.1 Contrasting links between policies recommended in the	220
Garnaut and AMC reports	116
4.4 Characteristics of Policy Consulting and Public Policy-making	119
5.1 Outlays of Commonwealth Budget Function as a	124
Percentage 1964-65, 1974-75 and 1984-85	126
5.2 Changes in Family Type by Sex of Head of Family, 1976-1981	128
5.3 Persons receiving the aged pension, 1971-83	130
5.4 Numbers of Pensioners and Beneficiaries, 1973-88	155
6.1 State Housing Authority Income and Expenditure for 1987/88	171
7.1 Contribution of Immigration to Population Growth	209
(Ratio of Net Migration to Net Natural Increase)	219
9.1 GDP (1990 \$US) for Australia, Northeast Asia and Other	258
Selected Countries	
9.2 Hilmer's contrasting policy directions	
10.1 The Focus of Each Consultancy on the Stages of Policy-making	

List of Tables

	Page
2.1 Ideal relationships between the decision-making process and the nature of the problem	35
2.2 Paradigms of Policy Analysis	50
2.3 Characteristics of policy innovation, succession, maintenance and termination	54
2.4 Seven Dimensions of Policy Innovation	56
2.5 Characteristics of images of the policy process	59
3.1 Exports as a per cent of GDP: 1960s compared to 1980s	67
4.1 Taxonomy of Consultant Roles, Styles and Approach	97
4.2 Differences between academic and governmental cultures	105
4.3 The relationship between the scope of a consultant's recommendations and assumptions about the nature of the problem addressed	116
4.4 Characteristics of Policy Consulting and Public Policy-making	119
5.1 Outlays of Commonwealth Budget Function as a Percentage 1964-65, 1974-75 and 1984-85	124
5.2 Changes in Family Type by Sex of Head of Family, 1976-1981	126
5.3 Persons receiving the aged pension, 1971-83	128
5.4 Numbers of Pensioners and Beneficiaries, 1973-88	130
6.1 State Housing Authority Income and Expenditure for 1987/88	155
7.1 Contribution of Immigration to Population Growth (Ratio of Net Migration to Net Natural Increase)	171
9.1 GDP (1980 \$US) for Australia, Northeast Asia and Other Selected Countries	209
9.2 Hilmer's contrasting policy directions	219
10.1 The Focus of Each Consultancy on the Stages of Policy-making	258

11.1	Characteristics of the issue network policy process across five consultancies	289
11.2	Contrasting effective and ineffective strategies for engaging and working with policy consultants	316

Abstract	iv
Abbreviations	v
List of Figures	vii
List of Tables	viii

Part A

Chapter One	Introduction	1
	• The need for the Research	1
	• The Research Problem	12
	• Research Methods	13
	• An Overview of Case Study-based Research	25
	• Structure of the Thesis	26

Chapter Two	Public Policy: Managing 'Wicked' Social Problems	31
	• Introduction	31
	• Public Policy Problems	39
	• Wicked Social Problems	57
	• Strategies for Addressing Wicked Problems	71
	• Policy-making and Wicked Problems	72
	• Strategies of Engaging Policy Consultants	84
	• Getting Oriented to the Policy Problem	91
	• A Definition of Wicked Problems	93
	• Different Ways of Addressing the Policy Problem	97
	• Stages in the Policy-making Process	99

Table of Contents

		Page
	<i>Acknowledgments</i>	iii
	<i>Abstract</i>	iv
	<i>Abbreviations</i>	v
	<i>List of Figures</i>	vii
	<i>List of Tables</i>	viii
<u>Part A</u>		
Chapter One	Introduction	1
	• Rationale for the Research	9
	• The Research Problem	12
	• Research Methods	15
	• The Benefits of Case Study-based Research	25
	• Structure of the Thesis	26
Chapter Two	Public Policy: Managing 'Wicked' Social Problems	
	• Introduction	28
	• Public Policy Problems	29
	<i>Wicked Social Problems</i>	29
	<i>Strategies for Resolving Problems</i>	33
	<i>Policy-making out of Rational</i>	
	<i>Strategies or Emergent Opportunities</i>	36
	• Getting Oriented to the Policy Process	37
	<i>A Definition of Public Policy</i>	40
	• Different Ways of Mapping the Policy Process	42
	<i>Stages Within the Policy-making Process</i>	43

	<i>The Contextual Orientation of</i>	104
	<i>Policy-makers</i>	44
	<i>Approaches Used by Analysts of the</i>	112
	<i>Policy Process</i>	48
	<i>Policy Innovation and Policy Initiation</i>	53
	<i>Principal Players in the Policy-making Process</i>	57
	• Government and the Policy-making Process as Entrepreneurship	60
	• Summary	62
Chapter Three	Australian Public Policy: Labor in the 1980s	
	• Introduction	63
	• The Economic Context for Change	65
	<i>National Economic Pressures</i>	65
	<i>Changes in Beliefs About the Appropriate</i>	
	<i>Roles of Government in the Economy</i>	70
	• Reasons for the Use of Consultants Amid Reduced Public Sector Spending and Changing Institutions of Public Policy-making	75
	• Administrative Style	78
	• Types of Policy Change and Their Context	85
	• Summary	88
Chapter Four	Consultants: Complementing the Policy-making Process	
	• Introduction	90
	• Expert versus Every-day Advice	91
	• The Nature and Operation of Policy Consulting	92
	<i>Defining Consultants</i>	94
	<i>The APS Definition of Consultant</i>	101

	• Organisation Culture and Consulting Outcomes	104
	• Successful Approaches to Consulting	105
	• Consultants and the Creation of Meaning	112
Chapter Seven	• Public Policy Problems and Consultants as Problem Solvers	115
	• Summary: Policy Consulting and Public Policy-making	118

Part B

Chapter Five	Social Welfare in the Modern State	
	• The 'Increasing Welfare Burden'	123
	• Recent Funding Developments in the Australian Welfare State	124
	• International Trends: The Reform of Welfare Systems	131
	• Linking Social Security and the Economy	132
Chapter Nine	• Minister Howe's View	135
	• The Consultant	137
	• Organisation of the Review	139
	• Operating the Review	140
	• Outcomes of the Review	142
	• Summary	148

Chapter Six	Housing Provision for the Long Term: Reorganising Federal-State Responsibilities	
Chapter Ten	• The Context of the Review	150
	• The Consultant	157
	• Conducting the Review	160

	• A Federal Approach to Public Housing	163
	• Summary	167
Chapter Seven	Continuing Dilemmas of Australian Migration	
	• Immigration as a National Issue	171
	• The Consultant	176
	• A Commitment to Australia	180
	• Outcomes of the Review	182
	• Summary	188
Chapter Eight	Pandemics and the Public Health Response	
	• A Familiar Response to a Unique Disease	191
	• The Consultant	195
	• Understanding and Compassion in HIV/AIDS Policy	201
	• Summary	204
Chapter Nine	Going With the Might of Asia	
	• Background to the Consultancy	207
	• The Consultant	210
	• The Process of the Review	212
	• Reactions to the Report	213
	• Summary	221
 <u>Part C</u>		
Chapter Ten	Tension and Complexity in Public Policy-Making	
	• Introduction	224
	• The Dilemmas of Public Policy Choice	224

	• Cultural Tensions Within	206
	Public Service Bureaucracies	228
	• Solving Wicked Social Problems	231
	• Top-Down versus Bottom-Up Decision Making: A Successful Mix?	255
	• Consultancies and Policy-making in Stages	257
	• Managing Policy Change: The Possibilities of Government Action	259
	• Summary	261
Chapter Eleven	Conclusion	
	Introduction	265
	Part One: Policy Consultants and Changing Forms of Governance	265
	• The Challenging Public Policy Context	266
	<i>Economic and Managerial Competence of Government</i>	269
	<i>Government Under Scrutiny by the Media</i>	274
	<i>The Policy-making Impact of an Informed Electorate</i>	278
	• Policy Consultants and Changing Forms of Governance	281
	<i>Corporatism</i>	282
	<i>Policy Communities</i>	286
	<i>Policy Networks</i>	288
	<i>Entrepreneurial Governance</i>	298
	Part Two: Strategies for Effective Policy Consulting	303
	• Policy Consulting: Possibilities of Policy Change	304

CHAPTER ONE	• Policy Consulting: Criteria for Assessment	306
	• Public Policy Problems and Consultant Problem Solving	311
	• Effective Strategies for Managing Policy Consultants	313
	<i>Bibliography</i>	321
	<i>Appendix A:</i>	352

CHAPTER ONE: INTRODUCTION

This thesis reports on the use of consultants by Hawke Labor Governments in the mid-to-late 1980s to review public policy in the fields of social welfare, public housing, immigration, public health and relations with Australia's North East Asian neighbours. The research is based on the hypothesis that, in a context of significant social and economic change, governments are especially likely to engage sympathetic consultants to review public policy. They do so because consultants provide an additional layer of protection from attack on proposed policies by political adversaries for ministers and governments who want to alter policy direction radically and to do so over a longer and more thorough period of data gathering and reflection than is normally possible in the political world. Consultants are also successful in getting their recommendations accepted by government because they are able to successfully manage the process of decision-making surrounding policy reviews. Further, the widely acknowledged expertise of the consultants and their independent status from government legitimates the review process and assists the establishment of a new agenda within a particular policy field. The use of consultants in policy-making in this way allows politicians and bureaucrats to maintain control over the process, while not being seen as the central actors.

The management of the policy review process is therefore as important as the policy outcomes. The use of consultants improves the degree of visibility, or transparency, in the decision-making processes of government. In his classic study of university decision-making, F. G. Bailey (1977) highlights this aspect when he refers to different arenas of decision-making and draws a theatrical analogy to highlight the degree of visibility of the decision-making process. He refers to decisions being made 'on-stage' in the public arena, 'off-stage' in the semi-public arena, and 'out-the-stage-door' in private decision-making arenas.

Bailey suggests that all the processes leading to decision-making go through the less public arenas before the decision is made in the most public arena, 'on-stage'. The use of consultants by government to review public policy parallels the metaphor of the theatre. The use of high-level consultants allows governments to make major decisions while only being on stage quite late in the process of developing the available options. Consultants to government play an important, high profile public role, joining key decision-makers on centre stage.

Consultants are both 'actors' on stage and 'stage managers', operating off-stage, particularly in relation to the agenda-setting and research components of policy-making. During a period when both the context of decision-making is changing and the public service is being reorganised to play a stronger managerial role rather than to be principal providers of policy advice the 'experts' in policy-advising are more likely to be drawn from outside government than in periods when the necessary expertise may be expected to reside inside the official policy-advising capability of the public service. In such periods of change governments may also rely on other policy-advising mechanisms such as public enquiries and Royal Commissions.

In his review of public inquiries under the second Hawke government Prasser (1988) noted that they 'have long been used by Commonwealth governments, but it was during the period of the Whitlam Labor government that both their numbers and the controversy surrounding their appointment increased.' (p. 117). Both the succeeding Liberal-National Country Party governments and the first Hawke government continued to use inquiries to review public policy and examine other political issues. Prasser observes that the use of public inquiries by Hawke Labor governments dramatically declined from 1984. He asserts that this decline may be explained in several ways. The first is that

'it could reflect a decline in policy initiatives. On gaining office new governments and ministers usually are anxious to promote their new policies and to honour election promises for particular investigations to be established. By the second term ministers become increasingly concerned with the management of the initiatives they have previously set in train (Prasser 1988, p. 121)

Prasser further observes that the decline in the number of public inquiries 'may reflect a fundamental characteristic of government after being in office for a considerable period' (1988, p. 121). He claims that there is not only a loss of policy initiative but also 'there is increasing concern by government members with defending their government - defending its past actions, present policies, policy definitions and issues selection.' (Prasser 1988, p. 121).

Prasser's other explanation, however, is that it takes a considerable time for inquiries to be carried out and to report and that this delay is unacceptable to ministers who want to move on and not to be caught up absorbing details and reports that to them may be politically out of date. Ministers who want to move fast need different policy-advice procedures. Their need to move fast is precipitated by a fast-changing environment and the short political cycles in Australia.

How then does a government address emerging policy issues while maintaining closer control over such a process? The use of inquiries and use of consultants have much in common. As Prasser notes, inquiries

'can be used to keep issues off the political agenda and to provide a breathing space while the government decides what to do about a

particular issue. However, governments appreciate that inquiries can get out of control and boomerang back on those who appoint them: witness the Costigan Royal Commission established by the Fraser Government.' (1988, p. 121)

This thesis suggests then that the use of consultants is speedier and less likely to 'boomerang'. The thesis further considers whether the use of consultants to review public policy allows for more effective management of the policy agenda by government and if so to what extent. These are complex issues and involve comparisons which are not easily made. Proxies for such measurement have been developed through creating typologies from five case studies.

The thesis identifies several different factors, such as attempts to reduce the size of government and a concern for more effective economic management to explain the growing number of consultants (and contractors – see below) working with the Australian Public Service (APS). The theoretical perspectives used to approach the question both highlight the increasing pervasiveness of the work of consultants in public sector policy-making and management in Australia in the late twentieth century and allow different 'ways in' to the analysis of their use.

The thesis begins with an overview of the theoretical perspectives selected and then focuses on the effective use of consultants in the policy-making, rather than management, process. It reviews five case studies carried out in the 1980s where consultants played a key role in the strategic review of public policy. The research involves an analysis of both consultants' roles and changes in the policy-making process itself.

The broad perspective provided in Part One paints a picture of important change in policy-making which involves now, more than ever before, the engagement of consultants to provide an expert and apparently disinterested opinion to government, as is the rationale for such engagement variously stated in Commonwealth department annual reports during the period under review. There is general agreement among both parliamentary committees and the consulting industry itself that during the 1980s the use by government of consultants to carry out both administrative and substantive program reviews increased (Joint Committee of Public Accounts (JCPA) 1989, Gorman 1989). 'Administrative reviews' cover the work done by consultants to bring about change within public sector organisations while 'substantive reviews' refers to the work of consultants in reviewing the direction, focus and content of programs delivered by government in any particular policy field. The available estimates of increases in annual expenditure by the Commonwealth Government on consultants during the period considered varied considerably but were in the order of several hundreds of million dollars per annum (JCPA 1989, Prosser et al 1990). While the exact nature and extent of the use of consultants across Australian Government departments and agencies is not known (JCPA 1989), there appears to be general agreement amongst informed sources that the increase throughout the 1980s was significant (see Gorman 1989, Prosser 1990). Such increased use of consultants was not confined to the Commonwealth: the New South Wales (NSW) Auditor General, for example, raised a number of questions about the greater reliance on advice from consultants seen in that State in his 1988/89 Annual Report to Parliament. In a public administrative environment characterised more than ever by calls for greater accountability it is surprising that there has not been a more comprehensive, continuing scrutiny of the use of consultants across the Australian Public Service (APS).

In contrast to the lack of study of what consultants to the public sector have actually been doing, normative literature suggesting how clients can make the best use of consultants abounds. Much of this literature was published by the public sector itself as part of its attempt to meet the requirements of accountability and impartiality related to the tendering process (see Commonwealth Department of Administrative Services 1988). Making best use of consultants seems to be a new way of obtaining expert labour from outside the conventional processes of public sector staffing. Since consultants are not subject to these conventional processes wherein hiring is the foundation of a long-term public-sector career, their use became a convenient strategy for government to rely on in managing the decision-making processes on key issues of administrative procedure and substantive program reform within the complex policy-making context of the day, when also bent on reducing public service numbers.

Comprehensive accounts of the use of consultants during this period, both in the public and private sectors, in Australia are rare (see Gorman 1987) but there have been some analyses carried out in other countries. Guttman and Willner's (1976) account of the United States Federal Government's use of private management consultants, 'experts', and 'think tanks' is one such account. Guttman and Willner assert that the early 1960s to early 1970s was a period of heightened social change in the US which had an impact on the systems of government and public administration in that country. The research reported in this thesis similarly covers a period of intense economic and social change in a developed nation, a period that placed increased pressure on existing systems of government and public administration.

Guttman and Willner provide their account of 'The Shadow Government' primarily from a legal-administrative perspective. As lawyers, they focus on

the administrative and procedural aspects of the use of consultants and the moral and ethical dilemmas implicit in the continual recourse to the services of particular firms in specific areas, firms that had built up expertise in that area precisely because of their close involvement with government decision-making. These firms are not 'elected' or 'neutral' salaried officials, their legitimacy rests on their presentation of themselves as 'disinterested experts' providing 'rational' advice to government.

Ralph Nader, the well known consumer advocate, in his introduction to *The Shadow Government*, acknowledges the power of the consulting industry when he asserts that:

'The basic importance of the consulting industry officials, as *The Shadow Government* shows, lies in their almost exclusive influence to suggest, shape, and even implement much governmental policy in both its narrowest and its broadest sense.' (Guttman & Willner 1976, p. xii)

Describing the complex connections between consultants and bureaucracies in the American system of government, the authors' account of the use of consultants who are 'off the organisation chart' as 'private managers of the public domain' highlights the dilemmas facing those officials traditionally responsible for the provision of policy advice who are grappling with changes within public administrative systems where the principles of probity and accountability are held high.

The monies spent on the 'shadow government' were extremely large, even in the 1970s:

In the past two decades the Federal budget has increased from \$70 to nearly \$370 billion. Popular wisdom to the contrary, the number of full-time public servants has remained relatively constant. How does the Government manage?

A large part of the answer lies in the growth of an invisible bureaucracy of private corporations whose services are contracted for by the official bureaucracy. In 1946 the largest single portion of the Federal administrative budget - 30 percent - was spent on the civil service payroll. By 1966, 34 percent of the administrative budget was spent on contractors and only 22 percent on full-time Government employees to administer the close to \$60 billion annually spent on contractors and the more than \$50 billion given in grants to state and local governments and non profit organisations such as universities.' (Guttman & Willner 1976, p. 3)

In their attempt to account for the nature and extent of the consulting industry in Washington, DC, Guttman and Willner lament the fact that there was little quantitative evidence on the consulting industry available other than what could be found in the telephone book. They note that 'if the Yellow Pages documents the existence of the consulting industry it is unfortunately about the best information available.' (1976, p. 5)

Guttman and Willner's analysis of the incremental growth of recourse to consultants for advice does not consider the wider contextual factors associated with the public policy-making process. Their concern is primarily with the administrative mechanisms of public policy-making and pays less attention to, for example, the role of changes within the wider policy field.

Howard (1990) found a similarly poorly documented situation in Australia after his inquiry into the use of the large accounting firms by the public sector for consultancy services. The JCPA (1989) and the Federal Opposition's 'Waste Watch Committee' (Prosser et al 1990) also found little reliable data on the nature and extent of the consulting industry in Australia.

It is important to note that there are differences between the use of consultants as management change agents and their use as policy reviewers. The research reported on in this thesis relates uniquely to consultants on policy-making. This distinction is not always apparent in existing reviews of the use of consultants which usually assume the consultants to be advising on management issues.

RATIONALE FOR THE RESEARCH

At the commencement of the research reported here, information on the use of external consultants by Commonwealth Government organisations was difficult to obtain. The information that was available covered highly varied activities from small and largely contractual administrative tasks such as the preparation of selection committee reports for departments, to major management reviews of government agencies. Moreover, while Commonwealth departments were required to provide in their annual report a listing of consultants used, this was done in a piecemeal fashion and many agencies did not comply. A review of 1987/88 annual reports for Australian Government departments, for example, reveals that only about half provided such lists. Other than the listing in the annual report, there was no formal requirement for Commonwealth departments to provide information on their use of consultants. Some departments which did not provide a list, including the Department of Defence (DOD), simply acknowledged that they did indeed use services provided by consultants but gave no further information.

Similarly, the lack of an annual listing does not necessarily suggest that those departments who did not provide a list did not in fact seek advice from consultants. Information on the matter provided by Departments at that time was quite simply poor.

Information on the precise costs of gaining advice from and on the specific roles played by consultants to government is even rarer. Only some of the departments which listed the consultants used also included the cost of their services. Even this listing of services and fees typically provided the reader with little guidance about consultants' roles in assisting the department. One department, for instance, grouped services with fees of hundreds of dollars with those of tens of thousands (Commonwealth Department of Aboriginal Affairs, Annual Report 1987/88). This lack of consistent information about the extent and nature of the use of consultants by government created methodological issues for the research, the discussion of which is taken up below in the section on the benefits of case study-based research.

Public, and indeed political, interest in the use of consultants by Commonwealth Government departments was brought to the fore in July 1988 when the *Canberra Times* (2 July 1988) published a front page article contending that there had been a 362% increase in fees paid to consultants in the nine months of the 1987/88 financial year compared to the previous financial year. The 1987/88 figure was '\$358.8 million on consultancy and service tenders'. This compared with \$140 million for the previous financial year.

While this article subsequently drew considerable public comment from the media and Opposition members of Parliament, the source of the journalists' information must be questioned. The figures on which the article was based were, said the *Canberra Times* (2 July 1988) report, 'supplied by *Tendernews*

which produces a computer database of all tenders published by the Government in the *Commonwealth Gazette*'. *Tendernews*, however, is a commercial venture that cannot guarantee that its reporting incorporates all relevant information on consultancies. Its 1987/88 information, for instance, could be a result of more accurate reporting than in the previous financial year rather than reflecting a real increase. However, even if one considers the 'low' side of the figures mentioned above, \$140 million is a significant amount of public money to be devoted to the engagement of external consultants to provide services to Australian Government administration and seems to be growing.

Despite the size of the sums involved, the Government's financial watchdogs seemed to take little interest in what they were used for. Under questioning from the Joint Committee of Public Accounts a Deputy Secretary from the Department of Administrative Services stated that 'in accordance with the Government's policies on letting the managers manage, most of the decisions [on the engagement of consultants] are matters for individual departments' (JCPA 1989, p. 77). There is, he said, no central collection of information on the extent and nature of use of external consultants by Commonwealth government departments. Moreover, in its response to the JCPA enquiry into the engagement of external consultants by Commonwealth departments, the Department of Finance continually stated that its interest in departmental activity related to the 'outcomes' of program management, rather than the inputs. Departmental secretaries were responsible for the inputs, including the combination of permanent staff and external consultants on particular programs (JCPA 1989). The size of the expenditure is thus an important part of the rationale for the research. Given the large and probably fast-increasing sums involved, research into their use is an important element of examining the processes of government in the 1980s-90s.

Equally important, however, the 1980s saw governments especially concerned to reconsider many areas of policy where little change had occurred for a long period. The Hawke governments of the mid-to-late 1980s used the non-traditional sources of policy advice and review provided by academic and other outside observers. In key existing areas such as social security, in new areas such as HIV/AIDS, in traditionally complex areas of intergovernmental relations such as housing, in areas that reshape our national perspective such as immigration and in the broad reconsideration of Australia's place in the world, consultants played key roles. Some of the use of consultants was thus clearly for policy-making rather than organisational management.

The media and political debate over Australian Government expenditure on consultants in 1987 and 1988 also raised a more fundamental issue concerning the public policy-making process. This issue concerns the changing nature of policy-making when governments were increasingly using consultants and contractors as central actors in determining policy, rather than management directions. This may seem to involve the 'privatising' of public policy-making and raises important questions in relation to the kind of issues on the advice being sought and the adoption of suggestions made. The present research seeks to shed light on (a) the reasons underlying this apparent shift to external experts in deciding the major areas of public policy which had up to now been largely in public service staff hands or addressed through public inquiries, (b) the kinds of issues which were given such scrutiny and (c) the degree of influence the use of consultants had over the policy outcomes.

THE RESEARCH PROBLEM

As outlined at the beginning of this Chapter, the proposition which drove the present research was that governments use consultants during periods of

increased contextual change for two reasons: one, to enable them to review public policy at 'arms length'; and two, to incorporate a greater range of expertise than is contained within 'slimmed down' and management – rather than policy-oriented, government departments.

The shift in the 1980s to a 'managerial' focus in the Australian Public Service is clear (see Halligan and Power 1992). This change was heralded by the White Paper, *Reforming the Australian Public Service* (1983) in which it was asserted that the balance of power had tipped too far in favour of permanent rather than elected office-holders (Halligan and Power 1992). At the same time, and in part as a function of financial pressure, the ethos dubbed new 'managerialism' (Considine 1988) came to dominate much public service activity. This ethos arising through the 1980s seems to be a manifestation of an apparent belief in the 'rational comprehensive' nature of the public decision-making process (Davis et al 1988) by government decision-makers. Observers such as Considine and Davis, for example, consider the extent to which the increased use of consultants in Commonwealth Government decision-making is an attempt by the administration to adopt more rational and comprehensive techniques while ultimately retaining political control. As already noted, a better understanding of the socioeconomic context within which consultants are used is an important cornerstone of the answers and that context is reviewed in Chapter Three. Accompanying the shift in the locus of policy making was the move to management using program budgeting, corporate planning and the improvement of accounting and information systems, stimulated and encouraged by the Department of Finance and the Public Service Board as part of the Financial Management Improvement Program in 1983-4 (Kellow 1992).

'Arms length' policy-making via consultants' advice has several related advantages for public authorities. First, consultants provide a layer of

legitimacy and respectability which protects the Minister and the Government contemplating change from early opposition by political adversaries and stakeholders in particular policy areas who may be antagonistic to change. Second, the use of consultants allows politicians and bureaucrats to maintain control over the policy-making process while not holding centre stage and thereby maintaining some distance from the proposals. Third, and perhaps most important of all, the use of consultants allows governments to propose program changes which they approve of but which need not be presented exclusively as theirs because the proposals emerge from consultants who are perceived by the wider community as disinterested and objective experts, less 'political' than governments and hence more legitimate in an age where government bases much of its appeal to 'the middle ground' of Australian politics.

The increased use of consultants by the Labor governments of the 1980s may also be seen as part of a new policy-making structure characteristic of what some commentators (for example, Gerritsen 1986) have called a form of 'neo-corporatism' which began in the early days of the Hawke administration. This form of government saw a flush of new decision-making structures established outside the traditional modes of government, structures designed to manage the new challenges facing federal governments in Australia in the mid-1980s. The present thesis discusses the 'corporatist' framework of semi-structured relationships between key institutions and individual consultants in public policy formation (Williamson 1989) in contemporary Australian government as part of the explanation for their increased use.

The political and philosophical affinity between the ethos of the ruling party and that of the consultants chosen to review major areas of Australian public policy during the 1980s seems to be an important factor in understanding the role

of consultants in relation to their political and administrative masters. The thesis therefore considers the broader views of the consultants selected and how these affect their selection and work as advisers. It considers whether consultants are indeed the 'disinterested experts' popularly portrayed or whether in practice they provide extensions of the more political party advice process.

Through its review of case studies in particular policy fields, the research reported here thus considers the extent to which the increasing use of external consultants by Commonwealth Government organisations in the 1980s influenced the development, implementation and evaluation of Australian public policies more generally. It examines the extent of consultants' influence and asks how their findings have been integrated into important areas of contemporary Australian public policy.

One further aspect of the issue should be noted here but is not addressed by the thesis. As already stated, the nature of the relationship between commercial consulting firms and government organisations is poorly understood (JCPA 1989) yet many commentators in the popular press (Gorman et al 1987) have suggested that using the services of a consultant is both financially more efficient and more effective than the traditional methods of government administration and management. Our concern in this thesis is, primarily, with the effectiveness aspects of consultants' use in policy-making. It is only within this broader view that efficiency aspects are touched on in the last part of the thesis.

RESEARCH METHODS

The research methods used to investigate the consultancies outlined in the second part of the thesis were a combination of document analysis and open-

ended, semi-structured interviews (as recommended by, for example, Hammer and Wildavsky 1989) with key players associated with each consultancy. The methodological framework which guided the case study approach is discussed below and in Appendix A.

The present thesis focuses on policy-related consultancies. The consultancies included in this research were selected after a search across a wide range of projects completed or still underway in the APS in the mid-1980s. That search revealed that some consultancies had more significance in public policy terms than others and a range of these were selected.

As will be discussed in Chapter Four below, the problematic use of the word 'consultant' in government reports led the researcher to consider initially a vast array of services provided by commercial organisations to government which, while labelled consultancies in Annual Reports, were in fact quite specific contractor services used within an identified and active program area of government. Some major reviews across significant areas of public policy were, however, also being carried out by consultants for the Hawke Government at the time and, since this research was interested in consultants and public policy, it was on these reviews that the project eventually focussed. The reviews concerned were very broad-ranging and included consideration of policies in social security, immigration, housing, HIV/AIDS strategy and Australia's trading relations with her Asian neighbours.

All these consultancies were listed in Commonwealth department annual reports for the financial years 1987/88 and 88/89. They could be regarded as 'substantive' consultancies, that is, as essentially evaluative reviews of Federal government policies and related programs rather than reviews focussed principally on the mechanics of public administration. From a research point of

view they were also easier to deal with as more information on the discussion surrounding and outcomes of the substantive policy consultancy reviews was available than on those of the administrative type. The recommendations by the McKinsey Company on the administrative restructuring of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in the early 1980s, for example, were given orally to the CSIRO Board and there was little information on them either in the formal record of the discussion or in the official records of the CSIRO (personal communication Peter Langhorne, Head of Corporate Services CSIRO, April, 1990). In contrast, reports on the substantive consultancies selected here are relatively well documented in sources ranging from Hansard through ministerial press releases, departmental working papers, newspaper and journal articles to contributions to collected works on Australian public policy.

Administrative consultancies should not be immediately discounted as less important to government policy than more obviously substantive ones, however. They are relevant to substantive reviews by consultants and can be seen to have an impact on the outcomes of discussion (see Thompson and Tuden 1959) since in many areas the way in which particular policies are constructed has important effects on the policies themselves through, for instance, the implementation process. Consideration of them, however, should come later, once the review process is better understood.

Review of policy may be seen as an integral part of the general process of public policy formation and as essentially 'political'. The framework for policy analysis developed by Hogwood and Gunn (1984) provides a good basis for locating the focus of each consultancy within the policy-making process. Hogwood and Gunn's framework was used to develop questions for each of these 'stages' of policy-making so as to locate each consultant's work in one or a

number of these stages. These findings are discussed in Chapter Ten in the final Part of the thesis.

After the five case studies were selected, a review of documentation available on the public record relating to each was undertaken. Data sources included the published report for each consultancy and the many discussion papers that each produced. In all cases public servants made available to the researcher material that would have been available under the Freedom of Information Act. While the focus of the research was on the relationship between the consultant, the Minister, Opposition politicians, public servants and interest group representatives, discussions surrounding the substantive outcomes also provided information on how the consultant worked. The second stage of the enquiry involved interviews with the available key players initially identified by the written material and others as information came to light about their roles. As Hammer and Wildavsky (1989) have noted, 'having soaked himself [sic] in the subject matter, our intrepid interviewer is free to try out numerous questions to see which will secure the most revealing results' (p. 57). The available key players were consultants and public servants involved with each case study, while relevant others were the politicians active in the area and interest group representatives.

The overall task for the research was to obtain information on the influence of the consultant in the particular policy field. Our understanding of consulting work and public policy-making outlined later in the thesis reveals a similarity in that each is about the management of a 'process'. This research called for a method of study that recognised the interaction between the ways in which consultants work and the ways in which public policy is made. Consulting is very much about managing decision making processes as is public policy. The

way in which policy is shaped is a reflection of the substantive issues in the policy field as well as the processes of decision-making found in that field.

In searching for legitimate methods of investigation the researcher was drawn to Chisholm's (1989) investigation of coordination amongst inter-organisational systems. Chisholm was confronted with a research problem similar to the one reported here. As he states, his approach is 'characterised by observation of how decision makers actually behave, rather than reliance on a closed deductive analytical system replete with full complement of assumptions about human behaviour' (p. xii). Chisholm found that it was difficult to investigate the issue of coordination via conventional research methods based on questionnaire design and analysis because the respondents' perception in complex contexts clouded the reality of their actual behaviour. His approach was therefore to examine the relationships by immersing himself in the organisations in a way similar to that used by the participant observer.

True participant observation was not appropriate to the present research, however, given the essentially historical analysis being carried out and the fact that the relationships concerned were not static. The research drew on the important reflections of key participants associated with each consultancy as the researcher was to revisit each case several times over as the issues were discussed and adoption or rejection of proposals took place. This was regarded as an appropriate research method because public policy-making is iterative and constantly changing.

Iteration is an essential part of the policy process because, as will be discussed in Chapter Two, social policy 'problems', which constitute the focus of a large part of public policy-making, are usually problems which have no solutions (see Rittel Webber 1973). They are therefore always topical as arenas for

continuing Government action, although they have greater or lesser salience at different times. Methods for analysing the influence of consultants on major areas of public policy should reflect this constant contextual change. Long after the completion of each consultancy considered here there were still matters outstanding and the recommendations from each were at varying stages of implementation. In the housing area, for instance, a second major review was soon initiated and had terms of reference which went well beyond the focus of the National Housing Policy Review reported on here (see National Housing Strategy 1991). A mix of interviews with key players closely associated with each issue and document-based work was therefore regarded as appropriate research method.

The research strategy was thus guided by the nature of the policy-making process itself. This process is fundamentally about selecting the most 'prudent conduct, or course of action for government' (*Oxford Dictionary*). In this selection process there are no hard and fast prescriptions for action, only general guidelines for the most effective way to introduce policy changes.

Similarly, the process of policy-making also shapes any attempt to study outcomes. For example, aspects of policy-making that are structured and open to measurement are available for analysis using more traditional scientific methods whereas policy-making that is less structured and not open to measurement lends itself to a more phenomenological approach (Hammer and Wildavsky 1989).

In considering studies of the policy process MacRae and Wilde (1979) argue that policy analysis should be more than an interdisciplinary approach reflecting the unique characteristics of this field of inquiry. They identify criteria to guide case study-based research in policy-making, including five

general questions to ask of case studies. These questions concern the apparent problem or opportunity; alternative policies; ethical issues; relevant information; and political implications of the work of the consultant. These questions formed an essential part of the present study.

A comprehensive understanding of the broader, or contextual, policy field as well as an understanding of the specific policy issues within each field necessary to developing a comparative understanding of the impact of each consultancy was important in the selection of the cases studied here. A high level of understanding about each of the policy fields was needed before an appreciation of the role of the consultant could be made. Five case studies, discrete from each other in terms of the issues they addressed, were chosen from different policy fields. The consultancies were, however, similar in their basic structure and functioning in that all consultants were, at the time of their appointment, outside the formal political administrative system and during their consultancy had to deal in similar ways with politicians, bureaucrats and interested members of the public. All the consultants functioned as 'appendages' of the central system of public administration, working with departmental officers but not for them in the conventional sense of the employment contract. Public policy issues of similar strategic orientation, with substantial public interest in the outcomes of the consultancy combined with extensive documentation in the popular and academic press, were chosen so as to allow comprehensive analysis across different policy fields. Similarity in structure and process across consultancies selected for study was necessary in order to allow for effective comparison across policy fields. Each consultancy also needed to be of a substantial scale so that common characteristics could be found within each case.

In order to ensure a comparison of cases similar in structure and scale several general questions were asked of each proposed case study at the beginning of the research before the final selection of cases was made. They were:

1. What were the defining characteristics of the program and what was the rationale for its existence?
2. What were the critical issues facing the policy field before each consultant was engaged?
3. What tender process was followed in engaging the consultant?
4. What was the consultant asked to do?
5. How did the consultant go about each task?
6. What were the consultant's findings/recommendations?
7. What action did the Government/department implement as a result of the consultant's report and why?
8. What were the responses of interested/affected parties to the recommendations from each consultancy?

Answers to these questions form the basic structure of each of the case study chapters below which reviews the context which gave rise to the issues in the policy field, the consultancy and the background of the consultant selected, and the outcomes from each consultancy.

The research needed and received the full support of the relevant public service departments. All departments were interested in the focus of the research, recognising that consultants had begun to play a key role in the policy-making process.

As the research proceeded, many additional questions emerged and an iterative process developed, with the researcher reviewing the reports and papers from each consultancy and using them to confirm matters raised during interviews. Respondents were sometimes revisited to enable consideration of new material that had become available since the first interview. Confidence in the researcher on the part of those involved in the research process in each case was crucial as many questions related to the way in which the consultancy was conducted. This inevitably raised issues of personal style, working relations and other matters which, in the case of the public servants, they are usually not inclined to discuss with strangers but generally agreed to do so when they realised the research had a major interest in process. As propositions and questions from different case studies arose during the research the other case studies were again revisited to ensure comparability. The five case studies were simultaneously researched over the period between January 1990 and December 1992.

Questions asked were classified as either structural or functional. Structural questions related, for example, to the process of engagement and the formal working relationships with others involved in the policy process (politicians, public servants). The functional questions related to the mode of operation, asking, for instance, about whether the consultants undertook the basic analysis alone or were assisted by others and, if the latter, by whom. This formed the background to answering the general questions concerning the role played by the consultants in the policy process outlined above. The people interviewed

and the initial questions asked in the interviewing process are set out and discussed in Appendix A. The role of the consultants in policy development was further assessed by examining the policy changes that occurred several years after the consultants' engagement but nonetheless could be linked back to the original recommendations.

Several broad hypotheses were developed. Seen as corollaries to the main proposition, these hypotheses were also tested through questions to respondents. It was hypothesised, for example—and as discussed more fully in Chapter Three—that greater reliance on consultants' advice in the late 1980s in Australia was a reflection of the increased public scrutiny of decisions of Government through the media leading to a more dynamic, informed, pluralistic policy-making environment.

It was also hypothesised that the use of consultants (or contractors) increased over the period considered because of pressures for 'smaller government'—a theme also discussed in the next two chapters. As it became acceptable to 'contract out' administrative functions traditionally carried out by permanent public servants, it also became acceptable to seek consulting advice on the strategic choices, or policy options before government.

While the Commonwealth Government was downsizing its administration there was continuing need for advice across a broad range of issues facing ministers and departments. It was hypothesised that the demand on them to effectively manage these issues in a period of decreasing administration saw a greater use of consultants to assist in the review process.

Finally, the hypothesis that consultants provide public legitimacy for the decisions of government, a belief based on the perception of greater public

confidence in 'technocratic' expertise over that of government, was also considered in this research.

There are also important questions relating to the policy field surrounding each consultancy, answers which reflect on the outcomes. Such questions relate to the stage of development of the policy issue before the consultant's work took shape and the contribution which the new work made to 'aging' or developing the issue. MacRae and Wilde (1979) also give direction to the types of questions to be asked when reviewing policy analysis studies. They suggest, for example, that the political volatility arising from the issue—in the sense that opposing political forces inevitably exist both in a governmental and organisational sense—should identify questions to be asked.

THE BENEFITS OF CASE STUDY-BASED RESEARCH

The benefits of case study research are widely debated in the social sciences, with detractors arguing that more rigorous methods are available while supporters suggest that case study research allows for an interpretation that goes beyond the sterility of empirical, quantitatively-based methods (see Yin 1988; Stoecker 1991). The major methodological critiques of the case study method, Stoecker suggests, are the threat of 'bias' and its assumed impact on internal validity and the inability of the case study to 'allow us to generalise our findings to other settings There is no way to measure external validity' (1991, p. 91). This critique of the case study method is answered in this research by following Yin's (1984) suggestion that use be made of explanatory questions rather than methods focussing on 'the predictive purpose emphasised by quantitative science'. (Stoecker 1991, p. 94).

Stoecker (1991) acknowledges Becker (1966) who 'emphasised that what the case study does best is study *process*, and process is at the very heart of the

explanatory method.' (p. 94) and cites Yin's (1984) consideration of the limitations of the case study method (see Yin 1988). In justifying the use of case studies Yin (1984) asserts that:

"'how' and 'why' questions are more *explanatory* and likely [to] lead to the use of case studies, histories, and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence.' (cited in Stoecker 1991, p. 95)

As already noted, policy-making is a process and not an event and methods of enquiry into policy-making should reflect this. The case study method is therefore appropriate to the research presented in this thesis.

Also, as already noted in the discussion on the rationale for this research, the lack of consistent information on the nature and extent of the use of consultants by the Commonwealth Government in the mid-to-late 1980s made it difficult to determine the selection of cases representative of all policy consulting cases occurring at that time. This methodological issue was, in part, overcome by the selection of cases from a range of portfolios; social security, housing, immigration, health and foreign affairs.

STRUCTURE OF THE THESIS

The thesis is in three parts. The first part contains four chapters; this introductory chapter setting out the research question and the rationale for the research. Chapter Two reviews the public policy-making process in terms of the nature of policy problems or issues. Chapter Three maps the wider changes that have guided the way in which successive Hawke Governments and their public administrators operated in the 1980s and reviews the economic and

political context of Australian public policy-making over the same period. As mentioned already, assessment of the work of consultants is complicated by the liberal public use of the term 'consultant'. Chapter Four therefore reviews useful definitions and shows that the great majority of consultants to government departments are in fact contractors providing services which have, in many cases, previously been carried out by the Australian Public Service (APS), rather than consultants on policy issues. It is the latter who concern us here.

In the second part, Chapters Five through Nine provide information on five major program consultancies carried out in the mid-to-late 1980s. These covered social security, public housing, immigration, HIV/AIDS and Australia's place in Asia. This part of the thesis contains detailed data on the organisation, functioning and apparent policy impact of the consultancies studied.

The final part of the thesis, starting with Chapter Ten, identifies the tensions and complexity inherent in Australian public policy by providing a comparative analysis of each case study in terms of the nature of each problem and the decision-making strategies employed by consultants to address these problems. Chapter Eleven is the concluding chapter which first discusses the role of consultants and changing forms of governance before outlining strategies for effective policy consulting.

CHAPTER TWO: PUBLIC POLICY: MANAGING 'WICKED' SOCIAL PROBLEMS.

INTRODUCTION

This thesis reports on research into the nature of the role and influence of consultants on public policy-making in Australian government in the mid-to-late 1980s. In this Chapter the nature of public policy problems, the concept of 'policy' and differing perspectives on the policy-making process found in the literature are examined in order to help understand why consultants were used to review major areas of Australian public policy in the mid-to-late 1980s. The thesis considers the nature of the relationship between policy problems and the way in which governments attempt to resolve them. It considers whether the use of consultants to review public policy during this period was an attempt by government to maintain congruence between the nature of the problem and the way in which it is solved, or - given the nature of problems before government - managed. The research examines the proposition that consultants are successful in getting their recommendations accepted by government because they are able to successfully manage the process of decision-making surrounding policy reviews.

As shown in the five case studies presented in this thesis, the reviews considered did not 'solve' the problems in the particular policy field. Rather, they moved the discussion and understanding surrounding each issue to the next step in its political management, which is where greater congruence occurs between the problematic 'wickedness' surrounding the issue and the contemporary context of Australian politics. The literature review in this Chapter thus concerns those aspects of the policy-making

literature that emphasise the processes of decision-making and how they are managed.

The literature on the nature of decision-making in government is diverse, reflecting the different heritage of influential authors across the disciplines of politics, economics and psychology in particular and the social sciences more generally.

PUBLIC POLICY PROBLEMS

Strategies for resolving public policy problems are influenced by the perceived nature of such problems. This section first proposes a framework for thinking about such problems before considering strategies for resolving them.

Wicked Social Problems

As mentioned above, major social issues are generally problems without any clear 'solution'. Analysis of the policy process involves assessment of what actually happens in relation to the decisions of government so as to understand the relationship between the nature of the problem and the way in which the problem is managed. Rittel and Webber (1973) address this relationship in their paper on the dilemmas inherent in a general theory of planning. While they do not explicitly address the issue of means-ends analysis in the tradition of Thompson and Tuden (1959), Rittel and Webber suggest that the nature of any social problem dictates the way in which it is 'solved'. In a review of the assumptions underpinning the application of scientific methods to social problems they propose that problems can be conceived of as lying on a continuum from 'tame' to 'wicked'. They contrast the nature of these problems as follows:

'The problems that scientists and engineers have usually focussed upon are mostly 'tame' or 'benign' ones. As an example, consider a problem of mathematics, such as solving an equation; or the task of an organic chemist in analysing the structure of some unknown compound; or that of the chess player attempting to accomplish checkmate in five moves. For each the mission is clear. It is clear, in turn, whether or not the problems have been solved.

Wicked problems, in contrast, have neither of these clarifying traits; and they include nearly all public policy issues - whether the question concerns the location of a freeway, the adjustment of a tax rate, the modification of school curricula, or the confrontation of crime.' (Rittel and Webber 1973, p. 160)

The wicked nature of the problems or policy issues means that governments must continually find new ways to grapple with them. Dealing with these problems or issues in a modern state is made infinitely more complex still by the crowded nature of the policy space surrounding issues. This crowded arena means that decisions in one field, depending on their proximity to related policy fields within the overall public policy environment, send reverberations along other strands of the web of public policy, impacting to varying degrees on other issues in the policy space. Rittel and Webber conclude that increasing social heterogeneity further gives rise to greater complexity and that traditional concepts of 'rational' analysis become inappropriate. Large scale modern societies, they say,

'are becoming increasingly differentiated, comprising thousands of minority groups, *each* joined around common interests, common value systems, and shared stylistic preferences that differ from those

of other groups. As the sheer volume of information and knowledge increases, as technological developments further expand the range of options, and as awareness of the liberty to deviate and differentiate spreads, more variations are *possible*.' (Rittel and Webber 1973, p. 167, emphasis in original)

The 'objects' of policy attention are thus increasingly complex.

Rittel and Webber (1973) identify ten distinguishing properties of wicked problems. They are:

1. There is no definitive formulation of a wicked problem;
2. Wicked problems have no stopping rule;
3. Solutions to wicked problems are not true-or-false, but good-or-bad;
4. There is no immediate and no ultimate test of a solution to a wicked problem;
5. Every solution to a wicked problem is a 'one-shot operation'; because there is no opportunity to learn by trial-and-error, every attempt counts significantly;
6. Wicked problems do not have an enumerable (or an exhaustively describable) set of potential solutions, nor is there a well-described set of permissible operations that may be incorporated into the plan;
7. Every wicked problem is essentially unique;

Strategies for Resolving Problems

8. Every wicked problem can be described to be a symptom of another problem;

9. The existence of a discrepancy representing a wicked problem can be explained in numerous ways. The choice of explanation determines the nature of the problem's resolution; and,

10. The planner has no right to be wrong (Rittel and Webber 1973, pp 161 - 166).

The interaction between the 'wicked' nature of the problem and the way it is resolved is important in the arenas shared by the research reported below. This interaction points to the need to examine the ways in which the problem or issue was perceived by the government (politicians and bureaucrats) at the time concerned and the guise under which the attempt at resolution was made. This suggests that we need to understand the degree to which the problems were openly acknowledged as 'wicked' or were represented as 'tame' and thus capable of rational analysis by government. This is because the way in which policy issues are presented, in terms of these tame versus wickedness characteristics, affects the ways in which attempts at its resolution will be made. In the last part of the thesis each case study is reviewed in this light in terms of Rittel and Webber's (1973) concept of the 'wicked problem'. Typically, however, the nature of the problem is not explicitly considered in terms of the way in which decision-makers attempt to solve problems. Strategies for resolving public policy problems usually assume they are all of a similar type.

Strategies for Resolving Problems

When considering the process of problem resolution in public policy the decision making process is typically presented (see Davis et al 1988) as a continuum between two schools of thought: the rational comprehensive perspective as represented by the work of Simon (1957) and others, and the incrementalist perspective as presented by Lindblom (1959). The debate suggests that decision-making can be characterised as emanating from either one or the other school of thought. The literature also refers to decision-making processes that lie along this continuum. For example, Etzioni (1967) 'offered a *mixed scanning model* combining a comprehensive overview with incrementally determined policy details.' (Davis et al 1988, p. 114). Dror's 'optimal' model, combining rational and intuitive components, approaches Etzioni's analysis of the decision-making continuum. More recently, in the strategic planning literature, Quinn (1980) speaks of 'logical incrementalism', an attempt to recognise the reality of both the rational and the incremental perspectives as important instruments in the analysing of public policy-making.

The prescriptive, rational comprehensive model is known as rational 'because it follows a logical, ordered sequence, and [as] *comprehensive* because it canvasses, assesses and compares all options' (Davis et al 1988 p. 110). As this rational comprehensive classification suggests, there are a number of 'steps' in the process. They are:

1. A problem must be identified.
2. The values, goals and objectives of the decision maker must be determined and ranked in order of priority.
3. All the options for achieving the goal must be identified.
4. The costs and benefits of each option must be determined.

5. Costs and benefits must be compared.

6. On the basis of this comparison, the rational decision maker selects the course of action which maximises the outcome in line with the values, goals and objectives identified in step 2' (Davis et al 1988 p. 110).

Davis et al (1988) suggest that 'the rational comprehensive model is based on the metaphor of an individual making a choice. In practice, complex decisions emerge from an involved process incorporating bureaucrats, interest groups and politicians.' (p. 110). This means that the fully 'rational-comprehensive' a framework can only be a prescriptive or 'ideal' model for which the decision-making process should aim. Lindblom's notion of *incrementalism*, derived from Simon's notion of satisficing or decision making through approximation is a better descriptor of what usually happens.

Incrementalism can be contrasted with the six characteristics of the rational comprehensive model outlined above. It implies that policies merely change at the margin, reflecting choice in selecting first options that seem to fit rather than those that emerge through a more extensive, rational analysis. Incrementalism is seen as an outcome of the political reality of decision making, involving many players and institutions.

The rational-comprehensive versus incremental decision-making schools of thought reflect the approaches to solving tame versus wicked problems outlined above. While Rittel and Webber's (1973) focus is on the nature of problems concerned, the rational-comprehensive, incremental continuum is about the selection of strategies to 'solve' problems. The present research is interested in the appropriateness of using consultants to solve particular types of public policy problems because their work is predicated on the

apparent belief in the rational comprehensive approach when radical approaches to policy change are contemplated. These unstated assumptions about their work may both affect the ways in which they work and the outcomes in terms of the likelihood of acceptance of their recommendations.

In attempting to understand the tensions between the nature of policy issues and the way in which they are resolved we can ask if there is congruence between the nature of a problem and the approach which policy-makers are likely to use in seeking its resolution. Policy planning is particularly complex in areas subject to 'wicked' problems. Table 2.1 outlines possible combinations between the decision-making processes used and the nature of the problem. The combinations in Table 2.1 suggest that the use of rational comprehensive decision-making processes is more suited to the analysis of 'tame' problems and that largely incremental decision-making processes are more suited to 'wicked' problems.

Table 2.1: Ideal relationships between the decision-making process and the nature of the problem.

		Decision-making Process	
		Rational Comprehensive	Incremental
Nature of the Problem	Tame	1 Congruent	2 Incongruent
	Wicked	3 Incongruent	4 Congruent

Policy Making out of Rational Strategies or Emergent Opportunities

A further and very different perspective on the nature of policy problems provides insight into the way in which policy-makers perceive such problems should be resolved and comes from the strategic planning literature (see Mintzberg 1994). This perspective is essentially concerned with the way in which individuals and organisations take action as a function of changes in their environment, either real or anticipated, of their organisations' mission and, in the case of the public sector, their mandate.

To assist our understanding of the dynamics of the policy-making process in terms of the strategic planning perspective, Mintzberg and Waters (1985) provide a framework that recognises both *intended* and *realised* outcomes in decision-making. Their definition of strategy, as 'a pattern in a stream of actions' (p. 257), complements our discussion of the policy process. Heclo's definition of the concept of policy, for example, refers to a 'course of action or inaction' which suggests intention. Mintzberg and Waters suggest that strategy is both deliberate, realised as intended, and emergent, seen in patterns and consistencies realised despite, or in the absence of, intentions (1985, p. 257). Figure 2.1 depicts Mintzberg and Waters' concept of intended and realised strategies.

Figure 2.1: Deliberate versus Emergent Strategies (after Mintzberg and Waters 1985, p. 258)

The degree to which the outcome of government action can be *deliberate*, or planned, or is *emergent*, developed as a function of 'surprises' in the context of government, is important in understanding how governments cope with the inevitable surprises that occur during periods of turbulence and change. The more a government is able to plan for its future and the less often it has to react to emergent surprises in its environment the more likely it is to be able to develop a coherent, long term, overarching strategy for its manifesto and political position in power.

One way to reduce 'emergent' decisions is to devise mechanisms to work out recognition of the 'strategic issues', the 'fundamental policy choice affecting an organisation's mandates, mission, values, product or service level and mix, clients or users, cost, financing, organisation, or management' (Bryson 1988, p. 139) from other demands for attention. Many key decisions in public policy are affected greatly by the mechanisms which governments and their administrators select to address fundamental policy choices. This research investigates the ways in which consultants were used in Australia during the Hawke governments to delineate and address these strategic issues.

GETTING ORIENTED TO THE POLICY PROCESS

Public policies are courses of action chosen by government. How government makes public policies is a complex process. The lenses of the policy sciences, which are ways of looking at policy formation, provide a map of the public policy-making process. As Brewer and deLeon (1983) argue, while government must have a sense of direction for its policy outcomes,

'direction is meaningless without a map; in this case the map is a way to get oriented to the policy process. The map must portray all significant parts of the process, even if some appear only vaguely; otherwise, one might miss opportunities or collide with unexpected problems, either eventuality leading to misspent resources.' (pp. 9 - 10)

Considine (1994), in his 'critical approach' to explaining public policy, presents a similarly 'systemic' view, claiming 'that policy emerges from identifiable patterns of interdependence between key social actors such as parties, corporations, unions, professions and citizens.' (pp. 1 - 2). Thus he provides a map of the policy process which indicates how to dissect and analyse relationships.

Different approaches to studying the map, now often subsumed under the title of the policy sciences, have developed since the 1940s. In 1951 Harold Lasswell, eminent in the early literature in the field, gave a wide-ranging focus to the work of the policy sciences in *The Policy Sciences: Recent Developments in Scope and Method* (Lerner & Lasswell 1951). Lasswell suggested that the investigator interested in policy formation should ask:

'If our policy needs are to be served, what topics of research are most worthy of pursuit? What manpower and facilities should be allocated to official agencies and to private institutions for the prosecution of research? What are the most promising methods of gathering facts and interpreting their significance for policy? How can facts and interpretations be made effective in the decision-making process itself?' (1951 p. 3).

Lasswell suggests that policy research should pay attention to four factors: the nature of the problems inquired into; how the inquiry is carried out; the information regarded as valid; and the ways in which information will be used. Policy-oriented research cuts across the specialisations that occur in academic institutions and has two objectives: analysis of the policy process and discussion of the intelligence needs of policy (Lasswell 1951 p. 3).

For Lasswell the focus of study of the policy sciences includes '(1) the methods by which the policy process is investigated, (2) the results of the study of policy, and (3) the findings of the disciplines making the most important contributions to the intelligence needs of the time' (1951 p. 4). Lasswell saw this third element, that of intelligence gathering, as an important part of the policy process. Given that policy analysts must keep themselves informed of developments in other disciplines and of information that might be of interest to the particular policy problems at hand, Lasswell suggests that 'the world as a whole needs to be kept at the focus of attention' (1951 p.4). He further stresses the importance of 'cultivating the practice of thinking of the past and the future as parts of one context, and [making] use of 'developmental constructs' as tools for exploring the flow of events in time' (1951 p. 4).

Twenty years later Lasswell presented a more concise definition of the focus of attention; 'the policy sciences are concerned with knowledge of and in the decision processes of the public and civic order' (Lasswell 1971 p. 1). Lasswell's emphasis on the what and why clearly focuses attention on how the policy proceeds.

A Definition of Public Policy

The subsequent development of the public policy literature has thus provided many definitions of this concept. Some definitions are too comprehensive for analytical use. Peters (1986), for example, suggests that 'stated most simply, public policy is the sum of the activities of government, whether acting directly or through agents, as it has an influence on the lives of citizens.' (p. 4). This general definition reflect Peters' notion that 'public policy' covers all aspects of government action.

Considine's (1994) more recent work distinguishes between the policy itself seen as 'an action which employs governmental authority to commit resources in support of a preferred value.' (p. 3), and the processes involved in arriving at such action. He notes that this 'standard' or common definition is insufficient in understanding because it says little about the origin and consequences of policy. Moreover, he says;

'In a sense everything in the policy world is really just process, the movement of people and programs around common problems such as education, transport and employment. None of the initiatives in these fields stays fixed for very long because the problems themselves keep moving and changing. (Considine 1994, p. 3)

This 'instability' characterises all the fields discussed below. Considine also highlights an argument central to this thesis, namely, that the nature of policy problems influences the way in which governments manage such problems. Finally, Considine concludes that understanding public policy must be embedded within a 'larger framework' which includes the 'streams of attachment and communication which inform decisions and explains innovations.' Thus, his alternative definition to 'the standard one' suggests

that 'policy is the continuing work done by groups of policy actors who use available public institutions to articulate and express the things they value.' (Considine 1994, p. 4).

Considine's view of public policy is consistent with earlier views. One of the leaders in the policy study field, Hugh Heclo (1972) identifies several elements:

'the term policy is usually considered to apply to something 'bigger' than particular decisions, but 'smaller' than general social movements policy is purposive of some kind at its core, policy is a course of action intended to accomplish some end [with the qualification that the term policy] needs to be able to embrace both what is intended and what occurs as a result of the intention One can therefore suggest that policy should be operationally defined, not by its goals, but by the actual behaviour attempting to effect the goals.' (1972, pp. 84-85 *emphasis added*)

The idea that policy is both process and outcome is a recurring one in the literature. The processes of decision making and the policy outcomes are thus central to the concept of policy.

Heclo (1972) further suggests that:

'policy does not seem to be a self-defining phenomenon; it is rather an analytic category, the contents of which are identified by the analyst rather than by the policy-maker or pieces of legislation or administration. There is no unambiguous datum constituting policy and waiting to be discovered in the world. A policy may usefully be

considered as a *course of action or inaction* rather than specific decisions or actions, and such a course has to be perceived and identified by the analyst in question. *Policy exists by interrogating rather than intuiting political phenomena'* (p. 85, *emphasis added*).

It is the focus on the course of action taken in the policy-making process that is of interest in this thesis. The role of new key actors in the policy field, consultants engaged by government, is thus the focus of the research reported on here. The emphasis is on continuing decision-making and the relations between the work of the policy makers and their political and social values.

DIFFERENT WAYS OF MAPPING THE POLICY PROCESS

The foci of policy-making literature are not easily classified into broad categories or perspectives. There are, however, recurring themes. These themes relate principally to questions concerning the role of key players, the structures within which policy-making occurs and the interactions between public institutions and both public and private vested interests.

There are numerous approaches to studying the ways in which policy-making occurs around institutions or structures within a policy field. These include a focus on the stages within the policy-making process at which activities occur (Hogwood and Gunn 1984); appreciating the contextual orientation of policy-makers (Brewer 1973); the approaches used by analysts and actors involved in the policy process (Macrae 1976, Brewer and deLeon 1983, Weimer and Vining 1989); the implications of top-down versus bottom-up policy-making (Sabatier 1986); and mechanisms of policy innovation (Hogwood and Peters 1983) and policy initiation (Polsby 1981).

Stages Within the Policy-making Process

Hogwood and Gunn (1984 p. 3) note that there is considerable room for disagreement about what constitutes 'policy analysis'. They believe that the distinction between how policies are made (description) and how policies 'should' be made (prescription) is necessary. While they favour the descriptive approach to developing understanding, they recognise that prescription is also involved in policy analysis. Hogwood and Gunn's framework for policy analysis is therefore 'mixed' and they suggest that a number of stages occur in policy development. These stages are:

1. Deciding how to decide (issue search or agenda setting)
2. Deciding how to decide (or issue filtration)
3. Issue definition
4. Forecasting
5. Setting objectives and priorities
6. Options analysis
7. Policy implementation, monitoring, and control
8. Evaluation and review
9. Policy maintenance, succession, or termination' (Hogwood and Gunn 1984, p. 4).

Hogwood and Gunn present the stages as a framework for organising understanding about what happens in the policy process. They note that the 'policy process applied to any given issue in practice may be truncated ... The dividing lines between the various activities are artificial and policy-makers are unlikely to perform them consciously or in the implied "logical" order.' (1984, p. 4). They stress that their framework allows for analysis before policy is implemented when many options might be precluded because of limited action in the earlier stages. Important for this research is their view that the

framework 'does not conform to either of the stereotype extremes of the synoptic rational-comprehensive model or the incremental "muddling through" approach.' (Hogwood and Gunn 1984, p. 5). Earlier in this chapter we discussed the relationship between the nature of the problem and methods used to resolve it. This relationship is consistent with Hogwood and Gunn's 'contingent approach, which recognises both resource limitations which preclude in-depth analysis of all issues and political factors which sometimes make attempts at "objective" analysis irrelevant.' (1984, p. 5)

Hogwood and Gunn's framework is helpful for locating the focus and impact of a consultant's work because it shows the importance of raising the following questions; why and when was the consultant engaged? was the contribution sought to help frame the agenda for issues search? to seek greater definition of the issue? to resolve the issue? or to evaluate policies in place? Policy-making involves some combination of all of these aspects of the policy process but consultants' work may or may not be relevant to all. More important, the impact and outcome of the consultants' work is likely to vary according to the implicit 'stage' behind the brief.

The Contextual Orientation of Policy-makers

In his 'Views of the World' Brewer (1973) presents a further framework for the study of the policy-making process. He takes up Lasswell's stress on the need for thinking of the past and the future as parts of one context in the study of the policy process. Added to this contextual complexity Brewer notes that different stakeholders in an issue use different criteria to evaluate decisions, preferring different solutions to the problems they perceive (1973, p. 15). Brewer suggests that three different but interrelated orientations account for the different perceptions and suggests that in order 'to develop a

comprehensive understanding of a social context, one needs to *select* strategies for action according to each orientation and to *utilise* resources according to each orientation' (1973, p. 15). His three modes of viewing the world are 'reflective, explanatory and manipulative' (Brewer 1973, p. 15) and are summarised in Figure 2.2.

Figure 2.2: Modes of Viewing the World (Brewer 1973, p. 21)

	REFLECTIVE	EXPLANATORY	MANIPULATIVE
Intellectual Attitude			
<i>General</i>	Contextual, selected	Partial, specific	Contextual, rich
<i>Logic</i>	Deductive, causal	Inductive, causal and deductive	Intuitive, causal
<i>Style</i>	Mixed: chartist /fundamentalist	Fundamentalist model-building	Chartist
Time Perspective			
<i>General</i>	Past oriented	Past and present oriented	Future oriented
<i>Adjustment</i>	Continuous: long-run, expanded	Discrete: single point in time	Discrete: margin incremental
<i>System State</i>	Dynamic	Static (state) description at cross section	Dynamic (change of system through time)
Scale of units			
<i>Context</i>	Specific context, weak generalisation	General context, weak specification	Specific context, no generalisation
<i>Unit of Analysis</i>	Mixed, variable detail	Mixed, large, gross detail	Multiple, small, fine detail
<i>Pathways</i>	Single path, few possibilities	Single path, few possibilities; or fixed in space-time	Multiple paths, alternative possibilities

The 'reflective mode' involves using an essentially historical perspective on the policy issue and its context. Public policy issues are affected by the way in which they have been dealt with in the past, Brewer suggests, and cites Bruchey's discussion of the quality of 'never-quite-the-sameness' as an

important characteristic of public policy-making. This suggests that while immediate attention is required to matters at hand they must be dealt with within the traditions of the historical context that constitutes the particular policy field. Bruchey notes that

'To every event there belongs temporal singularity, a contextual particularity, and it is because of this that all historical being possesses a quality of never-quite-the-sameness. But it is equally true that the essence of a thing is not altogether its separateness. There is essential sharedness as well as essential singularity, and if this were not so, all experience would be a succession of differentiated particulars, without meaning because nothing would be recognisable' (Bruchey 1968 p. 10).

This 'never-quite-the-sameness' has important but often unrecognised implications for people trying to evaluate and develop public policy. Brewer considers the reflective mode first as it provides the basis for further consideration of the particular issue.

In contrast, the 'explanatory mode' 'emphasises theory construction and rigorous measurement: obtaining an explanation of contextual performance by understanding contextual components' (Brewer 1973 p. 17). This is similar to Brewer and deLeon's (1983) explanation of the policy process above as it incorporates both a conceptual 'map' as well as an attempt to validate this map in the real world of public policy.

There are, however, limitations to the 'explanatory' approach:

'A generally misunderstood difficulty in this orientation is that the whole context is more than the additive sum of its parts; it is fundamentally different. Partial analysis, which occurs in simplifying a context, may significantly decrease understanding of the interconnections and subtle interrelationships among components' (Brewer 1973 p. 17).

It is in the manipulative mode, where the goals of policy makers are specified, that attention is focussed on the identification of appropriate criteria for comparison with previous and existing policies (Brewer 1973, p. 18). Brewer notes that the policy-maker's focus on goals inevitably highlights the complexity and interrelatedness of social problems. The political dilemma in specifying social and economic goals is apparent in the manipulative view of the policy process, yet it is this approach that is implicitly demanded by citizens expecting action from government. This important contradiction in expectations challenges the way in which governments manage the policy process.

The scope and nature of policy advice is also constrained by several factors which relate more generally to difficulties in solving public policy problems. The first is the need to balance the focus on the issue at hand with a more general focus on the mosaic within which the issue is embedded. There is a need to consider both if the policy adopted is to be adequate to the issue. This is because the policy space in modern societies is crowded and changes in one field often impact on related fields. Changes in social welfare payments can, for example, impact on taxation and public housing policy.

The second factor relates to resolving the differences that occur between policy-makers in the ends they seek to achieve and the means they employ

to achieve these ends (Thompson and Tuden 1959). Few would disagree with the desirability of reducing the incidence of children living in poverty, for example, yet wider discussion about how this would be done shows how highly contentious are the different policies potentially able to achieve it. Understanding these aspects of public policy problem-solving further highlights the 'wickedness' of the issues to be managed.

Rein and Schon (1977), in considering these issues, suggest that 'policy development is essentially about a process of *problem setting*; it is concerned with developing new purposes and new interpretations of the inchoate signs of stress that derive from the past.' (p. 235). The present research suggests consultants may play an important role in such interpretation and re-shaping of understanding of these 'inchoate signs of stress'.

Approaches Used by Analysts of the Policy Process

The question often arises in such interpretations of the disciplines which can most effectively be used to present the 'best' interpretation of the policy problem. Brewer and deLeon (1983) argue that 'many disciplines and methods can contribute to the ongoing analysis of a problem. The problem itself, embodied in one's evolving appreciation of it, points out, perhaps demands, [however] which disciplines and what methods might best be brought to bear.' (p. 15) The skill of the analyst and adviser, therefore, lies in determining which disciplines are to be used in the review of public policy and sometimes some disciplines receive priority as interpretative agents.

In a later work, MacRae (1976) also acknowledges the essentially interdisciplinary nature of policy studies and especially the need to consider ethical issues. In *The Social Function of Social Science*, he notes that:

Table 2.2: Paradigms of Policy Analysis (after Weimer & Vining 1989 p. 3)

'The field of policy analysis has a natural affinity with interdisciplinary ethical discourse. It needs this discourse so that its practitioners can intelligently define both their own ends and the relation of their speciality to democratic political responsibility' (p. 291).

MacRae's view on the interdisciplinary nature of policy analysis reinforces Brewer's observation, cited earlier, that attempts to explain the policy process are difficult as the whole context is more than the sum of the parts of the process.

More recently Weimer and Vining (1989) have suggested that rather than focussing on the policy process as such the focus should be on the approaches used by analysts if one is to understand outcomes. A summary of their interpretation of different approaches by analysts is found in Table 2.2. Their interpretation suggests the existence of several possible paradigms for policy analysis highlighting that analysts from different contexts review the policy process in the light of different objectives, styles, time constraints and perceptions of who the client is. This approach reveals the diversity now found among policy analysts and their recommendations and warns of the need to avoid a too single-faceted interpretation of policy outcomes. The addition of consultants to the repertoire of advisers only increases the diversity and increases the difficulty of linking a particular method of policy analysis or source of advice to given policy decisions.

Table 2.2: Paradigms of Policy Analysis (after Weimer & Vining 1989 p. 3)

Paradigms	Major Objective	'Client'	Common Style	Time Constraint	General Weakness
Academic Social Science Research	Construction of theories for understanding society	'Truth' as defined by the disciplines; other scholars	Rigorous methodology to construct and test theories; often retrospective	Rarely external time constraints	Often irrelevant to information needs of decision maker
Policy Research	Prediction of impacts of changes in 'variables' that can be altered by government	Actors in the policy arena; the related disciplines	Applications of formal methodology to policy-relevant questions; prediction of consequences	Sometimes deadline pressure, perhaps mitigated by issue recurrence	Difficulty in translating findings into government action
Classical planning	Defining and achieving desirable future state of society	The 'public interest' as professionally defined	Established rules and professional norms; specification of goals and objectives	Little immediate time pressure because deals with long-term future	'Wishful thinking' in plans when political process is ignored
The 'old' public administration	Efficient execution of programs established by political processes	The mandated program	Managerial and legal	Routine decision making; budget cycles	Exclusion of alternatives external to program
Journalism	Focussing attention on societal problems	General public	Descriptive	Must move while issue is topical	Lack of analytical depth
Policy Analysis	Analysing and presenting alternatives available to political actors for solving public problems	A specific decision maker or collective decision maker	Synthesis of existing research and theory to estimate consequences of alternative action	Completion of analysis usually tied to specific decision point	Myopia produced by client orientation and time pressure

The policy analysis paradigms presented are useful to research into the use of consultants in the policy-making process, however, because they highlight the processes in which policy analysts are engaged. The process of analysis and involvement through advice-giving involves advisers in

analysing and presenting alternatives to political actors. The clients are both a specific decision-maker and other stakeholders who constitute the collective decision-makers. The appropriate style of policy analysis is synthesis of existing research to estimate consequences of alternative actions.

In 1977, Lineberry advocated thinking about public policy using two themes. The first is 'the notion that policy studies fixes our attention on what government is doing and how well it does it'. The second is 'the use of the policy approach [by government] to say something important about political issues' (Lineberry 1977 p. xi). Lineberry's descriptive perspective, with its emphasis on the use of the study of policy-making to advocate change, is another view consistent with the idea of 'mapping' the policy-making process for 'explanatory' purposes which may assist in understanding the role policy consultants play in this process.

Sabatier (1986) discusses the respective value of 'top-down' policy analysis, where the preoccupation is with the interests of key decision makers, versus 'bottom-up' approaches where the analyst focusses more broadly on the impact of decisions across a policy field. He suggests that there is some 'comparative advantage' to each approach:

'The top-down approach is useful, first, in cases where there is a dominant public program in the policy area under consideration or where the analyst is solely interested in the effectiveness of a program. On the other hand, in policy areas which necessarily involve a multitude of public and private actors - the bottom-up approach is more appropriate.' (Sabatier 1986, p. 36)

When comparing policy processes as they exist in different nation states one needs to assess the ways in which cultural, demographic, geographic and institutional factors come into play. Heidenheimer *et al* (1990), with a narrowly institutional focus, warn of some dangers of naive comparisons:

'To ask *how* governments choose to act focuses our attention on what goes on inside and at the fringes of the state. It requires learning aspects of the structures and processes through which governmental decisions are reached. In a general sense, we say that the United States and West Germany are federal states while Britain, Sweden, Japan, and France are more centralised unitary states. Hence, we might expect the policy approaches to differ in the two sets of nations. But when we look closer we see that federalism takes on different meanings, depending not only on the country but also on the policy in question. So too do the connotations of centralisation in countries such as Britain and France (Ashford, 1978). Hence, if we wish to go beyond clichés regarding federalism and centralisation, it is necessary to examine in some detail how different governments and their related constellation of parties, interest groups, and bureaucracies actually work through various policy problems.' (Heidenheimer *et al* 1990)

The work of consultants, structurally at the 'fringe' of the policy-making process but functionally 'inside' with their direct access to key government decision-makers, is a relevant aspect of the detail making such international comparisons possible. Clearly there are contextual factors that determine the nature and interplay of institutions of public policy-making in different countries, not the least being the way consultants, or external advisers more generally, are perceived in different political-administrative cultures. The

differences in policy-making can be traced to different characteristics within each nation state relating to the history and development of, for example, its social, cultural and political institutions, economic performance and international relations, to name but a few elements. The peculiarities of the Australian political system in the late 1980s that gave rise to the use of consultants for policy advice are discussed in the next chapter.

Policy Innovation and Policy Initiation

Increasingly, policy analysts draw attention to the 'crowded policy arena' and the challenges this creates for policy innovation and initiation. Hogwood and Peters (1983) focus our attention on the fact that most policy initiatives involves revision of existing policies rather than a move into new policy areas when they note that 'most policy changes in both Britain and the United States now involves the replacement of policies which already existed rather than the government entering into a new field of activity in which it had not previously been engaged' (p. ix).

To address the question of policy change Hogwood and Peters differentiate between policy innovation, succession, maintenance and termination. The defining characteristics of each are set out in Table 2.3. These distinctions provide a useful framework for examining the role of consultants in policy-making in the areas considered in this thesis because they provide the possibility of seeing each consultancy as involving different aspects of policy change.

Hogwood and Gunn's (1984) outline of the stages of policy-making provides a framework for analysing the policy-making process in general. Hogwood and Peters' (1983) distinction between innovation, succession, maintenance and termination focusses on the outcomes of the policy-making process. In

order to determine whether policy initiatives are innovative, succeeding, maintaining or terminating existing policies, Hogwood and Peters encourage researchers to focus on asking whether a particular policy was a radical innovation, designed to respond to a specific purpose, in an area with no existing organisation structure, was not embodied in any body of law and had no previous expenditure allocated to it. Further, they suggest that the researcher must ask whether the intent was incremental, focussing on policy maintenance and adapting an existing set of programs within an existing organisation structure, requiring no legislative change and where there was a continuing budgetary allocation, or whether it was characteristic of Lindblom's (1959) 'muddling through' showing no strategic direction, or whether it was, in fact, radical change.

Table 2.3: Characteristics of policy innovation, succession, maintenance and termination (Hogwood and Peters 1983, p. 27)

Policy innovation	Policy succession	Policy maintenance	Policy termination
Purposive	Purposive	Adaptive	Purposive
No existing Organisation	At least one organisation subject to change	No purposive (that is, policy oriented) organisational change (changes consequential in workload, for managerial reasons, etc.)	Existing organisation may be terminated
No existing law	Some law superseded	No change in law	All relevant legislation repealed
No previous expenditure	Some existing expenditure	Continuing budgetary item	All expenditure ceases

In his study of policy initiation Polsby (1984, p. 1) asked where new public policies come from. He notes the central importance of considering actors of many kinds in answering that question and points to the increasingly sophisticated ways in which observers have provided answers:

'... as legalistic views of the world have given way in political science to views that have comprehended practice as well as prescription, a progressive enrichment has taken place in our understanding of legislative enactment - from the study of Congress alone to the interaction of Congress with the President, from solitary actors to busy interactors, from faceless occupants of legally defined positions to stars and second bananas, character actors and retinues of bit players: congressmen from right and left, interest groups and lobbyists, executive agencies and their lawyers, committee staffs, and so on.' (Polsby 1984, p. 1)

While recognising the importance of many of these actors in any policy decision the research reported in this thesis focuses on the new policy 'stars', the consultants, and is not only concerned with policy initiation.

To Polsby, the interaction of the multitude of players and institutions involved in public policy is akin to the life of the theatre, with imposing settings, entrances and exits, a clear passage of time, divisible into acts and scenes, usually with a climax and other ceremony akin to the several curtain calls (1984, p. 2). Most important for this research is Polsby's contention that less work has been done on a third part of the policy process, that of 'tracing the sources of public policies before they enter the highly focused arena of the enactment stage' (Polsby 1984, p. 3), than on the other stages. Looking at what happens during the third phase 'involves the

politics of inventing, winnowing, and finding and gaining adherents for policy alternatives before they are made part of a "program" (Polsby 1984, p. 3).

Polsby's taxonomy of policy innovation consists of seven dimensions. Each dimension contrasts relative aspects of political innovation. He did not attempt a scheme of measurement for each dimension as the taxonomy was, at that time (1984), regarded as preliminary. The seven dimensions of policy innovation are set out in Table 2.4.

Table 2.4: Seven Dimensions of Policy Innovation (after Polsby 1984, pp. 148 - 149)

Timing <i>Fast</i>	<i>Slow</i>
Specialisation <i>Experts very influential, not elected officials or politicians</i>	<i>Politicians, elected official very influential, not experts</i>
Subculture <i>High early agreement about the need to act</i>	<i>No early agreement about the need to act</i>
Saliency <i>Alternatives publicised widely before the enactment phase</i>	<i>Alternatives not widely publicised to general public</i>
Political Conflict <i>Strong and opposed party positions on the issue</i>	<i>Not much disagreement between parties</i>
Research <i>Researched solutions</i>	<i>Improvised solutions</i>
Staging <i>Invention of alternatives separate from process of search</i>	<i>Process of invention and search unified</i>

These dimensions provides a framework with a function similar to that of Hogwood and Gunn's (1984) 'stages of the policy-making process' in that they allow the researcher to analyse the process along several lines. This analysis will be taken up in the final Part of this thesis.

Principal Players in the Policy-making Process

There are many views as to who are the principal players in the policy-making process. Understanding the role consultants play in this process crosses all of the themes discussed above. Consultants are able to range across a variety of settings and activities from initial and final negotiations with key players through recommending changes in organisational structures to influencing broader social movements. Understanding of the policy process needs a broad view which analyses policy change within a wider social and community structure. This view sees 'policy networks' and 'policy communities' as having systemic influence on the decisions of government.

Atkinson and Coleman (1992) argue that narrow perspectives on 'the policy process have given way to models in which the institutions of the state are understood to have considerable autonomy' and that 'traditional pluralist conceptions of the organisation of societal interests have been expanded and, to some degree at least, amended' (pp. 154 - 155). The public policy-making process is more complex and ambiguous than it has ever been and will continue to be so in diverse internationally oriented nation states.

Jordan's (1981) article on the use of constructs such as iron triangles, corporatism and issue networks as tools for comparing decision-making processes in the UK and the USA also provides a useful perspective on the changing nature of the institutions of governance and on the role of consultants in decision-making in Australian government. For Jordan 'iron triangles' are an image developed to describe decision-making in different arenas. Decisions are seen by Jordan as taking place in 'triangles' composed of (1) interest group(s), (2) relevant administrative agency or section of the federal bureaucracy and (3) the relevant Congressional committees (1981, p.

96). Corporatism has been used to describe forms of governance across different political systems. Jordan defines it as an arrangement where 'an over-all centralised authority is envisaged which controls policy sectors through the manipulation of controlled peak associations.' (p. 96). Issue networks, on the other hand, was initially offered by Heclo as

'one process, applicable to the milieu of 'political administration' the argument appears to extend to suggest a picture of *the* American way of decision. The key word is 'fragmented' rather than 'segmented'. The 'set' of participants is unlimited and unpredictable, decision-making is tending toward atomisation.' (Jordan 1981, p. 96)

Jordan's three views allow us to explain why the use of consultants is becoming a permanent part of the public policy-making landscape. How does the use of consultants affect these approaches to decision-making? Does their use suggest another paradigm for explaining changes to the way in governments manage public policy? and so on. Jordan contrasts these three aspects of the policy process with the traditional role of cabinet government, concluding that in the United States there has been a shift toward greater input from issues networks while in the UK the policy-making process draws 'on elements of the iron triangle and cabinet government images and some of the complexity of the issue network image.' (p. 95). Jordan concludes that the increase in diverse approaches to the policy process in the United States and the UK reflects the complexity of the issues being addressed.

While not ignoring the importance of characteristic decision-making traditions in each nation – the use of iron triangles in the USA, and iron triangles and cabinet government in the U.K. – Jordan also concluded that

the corporatist image did not apply in the UK. Gerritsen (1986) summarised the debate on corporatism in Australia, concluding that this form of governance was not a part of our political institutions. Consideration of the existence of iron triangles alongside formal cabinet government in Australia, in terms of Jordan's comparisons, has not taken place. Of interest to this research was whether the use of consultants represented a new form of institutional governance different from that characterised by Jordan.

Table 2.5 Characteristics of images of the policy process (Jordan 1981, p. 98)

	Iron Triangles	Issue Network	Cabinet Government	Corporatism
Political alignments	Stable	Not Stable	Stable	Stable
Decision-making arenas	Segmented	Fragmented	Segmented (under Cabinet)	Segmented
No. of participants	Limited	Unlimited	Limited	Limited (confined to peak areas)
Central Authority	None	None	Present	Present
Power	Dis-aggregated	Very disaggregated	Aggregated by political channels	Aggregated by institutional arrangements
Final point of decision	Yes (in each sector)	No	Cabinet	For sectors by central command
Groups	Voluntary	Voluntary	Voluntary (not important)	Compulsory
Access to decision process	Closed	Open	Closed	Closed
Issue resolution	Issues resolved	Issues often not resolved	Issues resolved	Issues resolved

Jordan provides nine criteria for comparing the characteristics of iron triangles, issue networks, cabinet government and corporatism. They are set out in Table 2.5 and provide a framework with which to compare the effect of the use of consultants in policy-making with traditional approaches to governance in Australia. Jordan (1981) notes that:

'Taken together, these sets of dimensions add up to quite distinct images of policy-making. The various dimensions attempt to distinguish between the images in terms of the number of participants in the process, how easy it is to join in that process and how stable are these patterns of participation. The lists also attempt to describe how power is distributed between participants and how, if at all, decisions are made. With the exception of issue networks, decisions are seen as being made in predictable sub-systems (or segments). Only the issue network views policy-making structures as *ad hoc*. Both issue networks and iron triangles lack a method of reducing conflict between sectors.' (p. 98)

By using consultants government may be attempting to reduce conflict more prevalent in contexts of governance characteristic of issues networks and iron triangles. This proposition is taken up in the last part of the thesis.

GOVERNMENT AND THE POLICY-MAKING PROCESS AS ENTREPRENEURSHIP

In the last part of the twentieth century analyses of the governance of western nations are moving towards an increased emphasis on the ways in which the processes of consultation and negotiation are conducted in more dynamic national and international contexts. A recent example of this change is Osborne and Gaebler's (1992) notion that governments are 'reinventing' their role in society.

Osborne and Gaebler identify ten principles upon which contemporary 'entrepreneurial public organisations' are working. These organisations 'constantly use their resources in new ways to heighten both their efficiency and their effectiveness' (p. xix) in the same way as an individual entrepreneur 'shifts economic resources out of an area of lower and into an

area of higher productivity and greater yield.' (Osborne and Gaebler 1992, p. xix). The principles underlying such entrepreneurial organisations include a focus on:

1. Catalytic Government: steering rather than rowing;
2. Community-Owned Government: empowering rather than serving;
3. Competitive Government: injecting competition into service delivery;
4. Mission-Driven Government: transforming rule-driven organisations;
5. Results-Oriented Government: funding outcomes, not inputs;
6. Customer-driven Government: meeting the needs of the customer, not the bureaucracy;
7. Enterprising Government: earning rather than spending;
8. Anticipatory Government: prevention rather than cure;
9. Decentralised Government: from hierarchy to participation and teamwork
10. Market-Oriented Government: leveraging change through the market.' (Osborne and Gaebler 1992)

Osborne and Gaebler's research reveals that governments are becoming more entrepreneurial as they shift economic resources into areas of higher productivity and greater yield. These findings are relevant to research into new forms of decision-making as they reflect a shift in thinking about how governments both review policy and implement programs. The pressure on

government to be at least as efficient and effective as the private sector is a major contextual factor that impacts on how governments manage public policy.

SUMMARY

Governments trying to manage a society experiencing dramatic economic and political change are faced with a dilemma in their choice of decision strategies. During periods of fundamental socio-economic change, effective decision-making for the long term in many policy areas demands a process akin to that of the rational-comprehensive model of analysis but governments often do not have time or political freedom to undertake such analyses. Instead, they are often pushed into taking short term, expedient, incremental political decisions which may not assist comprehensive and longer term solutions. The case studies presented below seem to suggest that consultants play a critical role in assisting governments to manage the tension between immediate pressures and longer-term policy planning. The thesis suggests that they do this by providing 'logical' approaches to decision-making allowing governments to be seen to more effectively manage political issues.

The diverse views of the policy-making process discussed in this Chapter reveal that the way in which policy is determined is often as problematic as the policies themselves or the issues the policies attempt to address. This is especially so in times of turbulent economic and social change which also leads to change in the structure of government. In the next Chapter we will consider Australian public policy leading up to and during the period in which the policy consultants covered in this research undertook their work.

CHAPTER THREE: AUSTRALIAN PUBLIC POLICY: LABOR IN THE 1980S

INTRODUCTION

The economic, political and social context within which governments operate affects perceptions about the strategies they consider appropriate to bring about the changes proclaimed as important in their pre-election manifesto policy focus. In Australia this context changed so dramatically over the two decades 1960 to 1980 (see Horne 1991) that the period was ripe for the introduction of innovative ways to manage the policy issues before government (see Kelly 1992).

Recent political history was important to the way these issues would be managed by the early Hawke government. The memory of the Whitlam Labor Government's squandering their electoral credibility while not recognising the global economic pressures of the period (oil shocks of the mid 70s, for instance) was very much in the minds of the new Labor politicians in Canberra in the early 1980s. As Jennett and Stewart (1990) point out in their opening chapter in *Hawke and Australian Public Policy*, the Hawke administration was to be characterised by a focus on economic management that was based on market forces to facilitate restructuring for the long term as a means of ensuring appropriate distribution of income and redistribution of government spending in the community.

This Chapter looks at Australian public policy immediately before and during the period in which the consultants at the centre of this research carried out their work. The Chapter reviews the economic context in which Hawke came to power and indicates why traditional forms of institutional policy advice were no longer seen as adequate by the new government. It

suggests possible reasons why it became more acceptable to use consultants as part of Labor's plan for government in the 1980s and concludes with a typology on the possibilities of government action contrasting the degree of change desired by government and the level of institutional entrenchment surrounding the issue.

The Labor Governments of the 1980s set out to put structures in place that would enable effective economic management as a basis for long term Labor government and implementation of the Party's policies for Australia. Even before the 1983 election an agreement had been reached with the ACTU on how to achieve these goals. The early Accord (and subsequent amendments) between the Australian Labor Party and the Australian Council of Trade Unions regarding economic policy was a way of combating turbulence in the labour market to facilitate restructuring of the Australian economy. The Accord is seen (see Singleton 1990a) as perhaps the most successful political strategy developed by Hawke in allowing for long term stability in the labour market as Ministers set about their national restructuring programs. At the same time Treasurer Keating attempted to educate the community at large in the principles of 'economic management' or 'getting the fundamentals right' (Jennett and Stewart 1990, p. 3).

In conditions of contextual change broad public policy objectives change and public policy can be seen as either an 'instrument of government' or as an 'allocation of values', with the preference by Labor for the former (Jennett and Stewart 1990). In the 1980s, however, Labor used consultants to re-allocate values relating to welfare spending, public housing, and immigration, for example, when carrying out their revised political and economic agenda as can be seen in the case studies below.

THE ECONOMIC CONTEXT FOR CHANGE

The first Hawke government inherited a national economy whose performance was slowing after the long post-war boom. This affected the new government's changing beliefs about the appropriate role of government in the management of the economy and was to have a long term impact on public sector spending.

National Economic Pressures

In Australia, as in many OECD countries, economic growth over the post-war decades long provided the basis for redistribution policies and political consensus (Hindess 1989). By the mid 1970s, however, this growth was faltering as a result of changes in the global economy. As Castles (1988) says in his review of Australian public policy and economic vulnerability, consideration of:

'post-war macro-economic outcomes across time points to the essential similarity of what took place: the 1950s and 1960s were everywhere an era of rapid economic expansion, a 'long boom' that, with equal universality, was to come to an end in the mid-1970s and be replaced by a period of much slower economic growth and instability.' (Castles 1988, p.37)

The Hawke governments of the 1980s were especially concerned with economic issues facing the nation as a result of international changes. The 1980s were a decade of significant change in the Australian economy. Adverse shifts in the terms of trade and the rapid opening of the national economy to world markets, particularly through the deregulation of the financial system, challenged the capacity of successive Australian federal governments to provide social and political stability through stable

economic growth and the provision of basic social services. The ACTU concluded that

'... for Australia to maintain and improve living standards relative to other developed countries the Australian economy will need to become more export oriented for high value added products and services to supplement earnings from commodity exports ... Congress recognises that the stage has been reached where the world market is now predominant.' (ACTU 1990, p. 9)

The ACTU recognised, along with government and some sectors of industry, that the stage had been reached where Australia could no longer remain economically isolated from the rest of the world in the way that it had been in the past (see, for example, DITAC 1981, ACTU/TDC 1987, Garnaut 1989 and Australian Manufacturing Council 1990). By the end of the decade the peak council of Australian trade unions was also agreeing with the Federal Government that labour-market policies should be driven by the economic state of the nation. For example, in the ACTU's summary of policies and prospects for Australian Manufacturing and Industry Development for the 1990s and into the 21st century, the Council showed that the level of exports as a percentage of GDP for ten other major trading nations from the 1960s to the 1980s increased at a greater rate than for Australia (see Table 3.1). There was broad agreement among different social actors on the need for change.

On the economic front, Castles (1988) concludes that in the 1980s Labor recognised the importance of success in the international market as the key to Australia's economic prosperity and that Australia could no longer retain a fortress mentality in its international economic relations. The economic

crisis ushered in a period of radical rethinking in the public policies of Australia. As elsewhere, particularly at issue were the extent and focus of policies for social protection, including, for example, specific policies relating to housing and, more generally, policies relating to welfare and labour-market issues.

Table 3.1: Exports as a percentage of GDP: 1960s compared to 1980s

	1960s Per Cent	1980s Per Cent
Australia	14.78	15.62
Germany	20.16	32.21
USA	4.98	8.20
Japan	9.32	14.90
France	12.08	22.19
Italy	14.80	20.04
UK	19.43	26.51
Canada	19.54	26.94
Sweden	22.13	33.04
Austria	27.74	37.75
Korea	10.36	38.58

Source: IMF International Financial Statistics (exports of goods and services as measured on a national accounts basis) (ACTU 1990, p. 10).

The ACTU (1990) noted that the second major problem confronting Australia after the downward trend and volatility of our terms of trade was the lack of a major export orientation reflected in our burgeoning foreign debt and unsustainably high current account deficits. The ACTU highlighted the fact that:

'Between 1982-83 and 1987-88 Australia's net external debt rose from 13 per cent of GDP to 30 per cent of GDP while the interest costs on

paying that debt rose from 10 per cent to 18 percent of export receipts over the same period.' (ACTU 1990, p. 12)

These broad economic trends were clearly a major factor in the minds of the Federal Labor Government as it set about implementing its economic and social agenda for the 1980s (see Davis 1989 for a full account of this). New challenges for the administrative arm of the federal government arose as Labor governments gradually adopted more market-oriented approaches to government and the economy, a move corresponding to world trends (OECD 1994). Reshaping the role and activities of the public sector included the necessity for strategic reviews of major components of Australian public policy.

Progress on the economic reform front was not easy or continuous. The journalistic accounts of the plight of the Australian economy during the 1980s interpret the problems through a language of drama and surprise. For example, Stuchbury notes that:

'The Hawke government survived the balance of payments and currency depreciation shocks of 1985 and 1986, generated large budget surpluses and kept the lid on wages and inflation. Filled with optimism, it entered a false boom in late 1987 – despite the stockmarket crash – in early 1988 releasing its hold on monetary policy and giving away tax cuts. By 1989, the government's budget predictions were awry and inflation and interest rates were rising. The government again tightened monetary policy to choke off a demand boom.' (1990, pp. 54 - 55)

While concern with the economy was not in itself new it was the first time that the concern had been translated into change across broad areas of policy. As Stuchbury says

'The Hawke Labor Government was the third federal administration in Australia after the end of the international post-war economic boom and the 1973 oil shock. For both its immediate predecessors, the Whitlam Labor government of 1972-75 and the Fraser Liberal and National Party governments of 1975-83, the state of the domestic economy had become a central policy concern. Both these governments lost office following blow-outs in wage costs which lifted inflation and contributed to sharp rises in unemployment.... the goal of correcting these [recession, ... balance of payments problems, ... deep-seated structural weaknesses in the Australian economy] and promoting sustainable economic growth influenced nearly all areas of policy under Hawke. Policies for immigration, education, industrial relations, agriculture, social welfare, retirement incomes, and public sector administration were all re-assessed in terms of economic criteria, often through restrictions in government spending.' (1990, p. 54)

The way in which this reassessment was done is central to the research documented in this thesis. In the United Kingdom, for example, this reassessment was carried out by a strong Conservative government machine (but may also have been through consultants – and indeed was, for example, with the McKinsey Company review of the National Health Service). The changing role of the machinery of government in the United Kingdom at this time is now typified as an 'open break with what has been regarded as a post-war consensus on matters of social and economic policy.'

(Hindess 1990, p. 1, also see Cook and Clarke 1990). Policy change carried out primarily by the traditional machinery of government is an approach different from the use of consultants to review public-policy, also a break in Australian policy-making traditions.

Changes in Beliefs About the Appropriate Roles of Government in the Economy

Labor in the 1980s came to share the policies of the parties on the political Right in advocating the path of external economic adjustment. As Castles says, the direction of change advocated was the same but beliefs about mechanisms and who should bear the cost differed.

'What divided them [Right and Left] is the extent of the social protection that is to be offered along the route of economic reform, with the Liberals seeking to deregulate the labour market as well as cutting back still further the taxes on which the welfare state depends, and Labor retaining a modified form of national wage bargaining through the arbitration system and attempting to make welfare resources go further by targeting benefits.' (1988, p. 159)

Success in economic management is more generally seen by Head (1989) as 'a major element in determining whether a governing party can maintain control of the political agenda.' (p. 486). Head argues that success in economic management, leadership performance and style and the content of policy (the ideology of the party) 'allow a party to "capture" a defining role in public debates' (1989, p. 486). He identifies three 'striking features' of Australian politics in the last twenty years which have influenced the political agenda:

- '(i) the adjustments and constraints imposed on governments by the ebbs and flows of the international economy;
- (ii) the revival of serious debates on policy priorities and political principles;
- (iii) the emergence and consolidation of social movements and public interest groups based on values other than those of traditional economic-producer groups.' (Head 1989, p. 488)

Head has a more critical view of Australian political differences than Castles, summarising the 1970s and 1980s as 'a period of ideological ferment and policy contestation against a background of economic uncertainty and discontinuity.' (1989, p. 488)

The pressure from the economy was translated into a broad range of policy areas and beliefs about the proper role of government. Wanna *et al* (1992) suggest that

'... the effect of these changes (the declining belief in the role of the state, the questioning of the size of government, the lack of faith in state provision of services, the challenge of public sector efficiency, the growing involvement of politicians in administration and the growing capacity of citizens and the press for scrutiny) in combination is substantial.' (p. 7)

The federal government began to make serious changes in its manner of acting and deregulated critical areas, such as the financial system. This is an example of what Davis *et al* (1988) cite as an example of 'new interventionism' already occurring in other western nations:

'the promotion of strategic state policies to stimulate economic growth, a reliance on 'guided' market forces including 'deregulation' initiatives by the state, and the introduction and coordination of industrial policies to preserve established industries, facilitate change and generate new industry expansion (OECD 1983a).' (p. 32)

This new interventionism may also be seen in the interpretation of the changing role of governments as outlined by Osborne and Gaebler (1992) and described in the last chapter.

The changing economic context in which Australia found itself in the 1980s and the changing views about the role of government, derived from these economic changes led to a battery of new and wide ranging government strategies. Not the least of these was the Hawke government goal to reduce its spending. As Stewart and Jennett (1990) note

'Australia's vulnerability in the world economy caused economic cycles which continually generated new problems: current account deficits, balance of payments problems, foreign debt and inflation. All required adjustment and refinement of the various instruments, from Keynesian (sic) pump priming in the first two budgets, to the abandonment of indexation, cuts in public spending to produce a surplus and tight monetary policy.' (p. 3)

Emy and Hughes (1991) note that cutting public spending may not have been necessary in terms of the 'size' of government, however measured, because 'Australia is, and always was, relatively modest compared to other countries.' (p. 391). Despite this 'the years of the Hawke government have seen steep cuts in government spending. Even if other OECD countries

have been reducing spending, the cuts have been faster and deeper in Australia.' (Emy and Hughes 1991, p. 392)

As Figure 3.1 shows, total public sector outlays in Australia in the 1980s both declined as a percentage of GDP and became more in line with total revenue as a percentage of GDP. Treasurer Keating's strategy of balancing the government budget was, in the mid 1980s at least, to see him heralded as the 'World's Greatest Treasurer' by the international finance community (see Stuchbury 1990 for a full account).

Figure 3.1: Total Public Sector Outlays in Australia

Source: Australian Treasury, *Budget Statements 1990 91* p. 6.18 and earlier Budgets

As Figure 3.2 shows, the Commonwealth budget outlays reveal an even more dramatic curtailment of expenditure compared to total revenue from the mid 1980s.

Figure 3.2: Commonwealth Budget Outlays, 1953-54 to 1990-91

Source: Australian Treasury, *Budget Statements 1990-91*, Budget Paper 1, Canberra, AGPS, 1990, p. 5.13.

Figure 3.3 shows the growth of the Australian Public Service 'over the period 1983 to 1989, [where] the numbers of all staff increased to a maximum of slightly over 170,000 in 1986 and thereafter decreased so that 1989 numbers of all staff are 0.5% higher than in 1983' (Commonwealth Department of Finance 1990, p. x). Clearly the agenda for change included slowing the growth of the public sector and this was achieved by successive

Federal Labor Governments throughout the period which this research covers.

Figure 3.3: Numbers of all Australian Public Service Staff at 31 December: 1983-1989 (Adjusted for changes in coverage)

(from: Commonwealth Department of Finance (1990))

REASONS FOR THE USE OF CONSULTANTS AMID REDUCED PUBLIC SECTOR SPENDING AND CHANGING INSTITUTIONS OF PUBLIC POLICY-MAKING

Both the changing nature of Hawke government spending and the increased use of consultants by government should also be considered in the light of the dominance of a neo-liberal agenda for change. Important issues concerning the appropriate role for government in service provision underlies much of the discussion below about the use of consultants. Throughout the 1980s, the number of federal public servants did not increase dramatically because the Hawke Labor government devolved responsibility to other levels of government and encouraged the private sector to be active in areas previously the domain of the public sector (see, for example, developments in the range of programs under the Home and

Community Care programs of the Commonwealth Department of Health, Housing and Community Services during this period.)

The present thesis is interested in the reasons why it became more acceptable for government to use consultants to review public policy rather than more overtly political sources of advice, such as, for example, the ALP National Conference, in the strategic review of public policy. Was the uncertainty surrounding the dramatic economic changes in Australian society, and the difficulty political institutions apparently had in responding to these changes, a contributing factor? Was use of consultants a reflection of the ambiguity and uncertainty surrounding economic change which made the government wary of using mechanisms such as the public service? The short term involvement in the policy process typical of consultants may also have been an increased incentive for government to use them in policy-making. Or was it a perception of where expertise was thought to lie and a concern as to the way in which issues could be made 'bite sized'? The relationship between Labor ministers and their administration, up to this period historically regarded as cautious (see Wiltshire's 1990, discussion of the rationale for ministerial consultants) may also have made the use of external experts or consultants more acceptable. Consideration of these propositions requires a review of the Australian public policy making system and processes and how they have changed over the 1980s in the light of more turbulent, ever-changing environments (see Naisbitt 1994 for his discussion of the paradoxes that underpin such change).

Four out of the five consultancies reviewed in this thesis were conducted by persons who were, or had been, academics. This suggests that a further reason for selecting academic consultants may have been an 'intelligence' factor in the sense that they had expertise or information not available

elsewhere. The government of the day believed that the skill possessed by these academics could not be found in the public service. In a difficult situation the government seems to have felt that the review and development of policy should go to those most technically competent to do it.

Singleton (1990b) has also noted that the capacity of individuals and groups to influence the 'formal' public policy process as represented by the institutions of government, public administration, industry and organised labour is as much a function of the changing nature of these institutions as it is of the interest and ability of those individuals and groups to influence the public policy making process. The use of consultants needs to be seen in the context of changes to these institutions of public policy making and attempts by government to engage the wider Australian community in the process of change.

Successive Hawke governments attempted to use 'catalytic' instruments (see Osborne and Gaebler 1992) such as, for example, microeconomic reforms (see Forsyth 1992) to achieve elements of their agenda for change, including injecting 'competition' into the delivery of public services. They also maintained a consultative orientation, what Osborne and Gaebler (1992) refer to as 'community-owned government', through the Accord and forums such as the Economic and Tax Summits while using consultants in what appears as 'rational' decision-making to legitimate the transformation of public sector organisations by demanding that these articulate and publicise their mission through greater use of managerial instruments such as strategic and corporate plans.

The 'results-oriented' nature of the Hawke governments was seen in specific administrative reform initiatives. Principal among those was the strengthening of the Department of Finance (see Wiltshire 1990) and in its initiatives such as the Financial Management Improvement Program. This results orientation is very much part of the instrumental focus which consultants bring to the policy process. A strong emphasis on empirical analysis is also characteristic of their work. Finally, the focus on the 'customer' in Australian public policy is also evident as governments seek to better target eligible recipients.

Governments across Australia have also become more 'enterprising', seeking to obtain greater value out of the available resources. Microeconomic reform, for example, has been applied to the public sector as much as to the private sector (Forsyth 1992). Hawke governments have leveraged change through 'market-oriented' approaches. Through structural and managerial reforms, such as those undertaken in the 1987 changes to the APS, Hawke governments 'anticipated' social ills by introducing prevention rather than curative strategies. Government, moreover, has been 'decentralised' to the degree that there is involvement from the wider community in partnerships and teamwork (see, for example, Singleton 1984, 1990a).

Overall then, the 1980s were a decade of extensive and fundamental public administrative change in Australia. Consultants were important contributors in designing the recipe for change.

ADMINISTRATIVE STYLE

The Hawke governments were also closer to the highly educated 'new class' than had been their predecessors. Yeatman (1987), writing at a time of

unprecedented strength of Labor in government, both Federally and throughout the States, argues that

'... given the prominence of the state and public sector in Australia, the development of a 'new class' based on higher education credentials has had an especially close relationship to the state, more so than in other countries like the United States and United Kingdom where the state is more dispersed and enjoys much less legitimacy in offering cultural leadership to the society involved.'
(Yeatman 1987, p. 350)

The initial impact of these highly educated officials was felt first in the years of the Whitlam government when, to sponsor an expansion of the interventionist state, a new range of opportunities for young people with university degrees was created (Yeatman 1987, p. 350). Ironically, given the working class history of the Australian Labor Party, it was their well-educated sons who embraced the philosophy of economic rationalism (see Pusey 1991) that was to define government under Hawke. Yeatman notes that:

'Perhaps it is because Australian society is so state-centred that the vehicle of bringing the public service and public sector in line with the new governmental ethos of neo-conservative 'economic' management in the 1980s has been the Labor Party.' (1987, p. 350)

Pusey (1991) comments on the changing nature of the Australian public policy context over the 1980s.

'In every country from the late 1970s programs of state and public sector reform have been driven by a conservative agenda. Although the vigour and scope of the changes have varied from one nation to another, in every case they followed conservative liberal maxims about the 'crisis' of 'ungovernable democracies' and of 'overloaded' states, and always aimed at moving some of the coordination functions of nation-societies away from states and bureaucracies to economies and markets. The justifications are universal and the political rhetoric that has been used to drive the reforms is familiar - 'eliminating waste and inefficiency, and feather-bedding', 'saving the taxpayer's dollar', 'streamlining' the public sector, to make it 'lean and strong' and so on.' (1991, p. 3)

Using 'private' consultants may be seen as part of this broader trend.

During this period Australia's dependence on the world economic order became more evident than ever before. The effect of deregulation of the financial system and reducing the protection enjoyed across much Australian industry was to open the nation to greater influence to external economic factors than ever before in its history. The public policies adopted for managing the Australian State during this period acknowledged these broader contextual, world changes. The 'revival of economic liberalism' and the use of 'the discourse of small government it has bought in its wake' (Yeatman 1987, p. 350), encouraged emergence of a new focus of 'public sector management' in the 1980s that was seen by governments as both an end in itself and as a means to an end. This was a reaction to Labor's experience of the 1970s and a style that was to direct the nature of public policy making in the 1980s.

The influx of highly educated individuals to the public sector mentioned above was matched by an increase in the educated 'class' membership of the ALP throughout the 1970s. This "'new classing" of both the public service and of the Labor Party meant a high degree of convergence in the outlook, philosophies and cultural style between the two.' (Yeatman 1987, p. 350). The result of this convergence on the style of government and its administration was profound. As Yeatman notes:

'... when the administrative reform rhetoric of the Labor governments gave way in the mid 1980s to a distinctive Laborite form of neo-conservative emphasis on public management, financial accountability and commercialisation of public services, the public services involved did not appear to flinch at the prospect of what promised to be a long campaign of cutbacks in public services, and a corresponding reduction in the employment base of public servants.' (Yeatman 1987, p. 350)

Yeatman's view suggests that had this 'new classing' not occurred in the 1970s it may not have been possible for the ALP to adopt this distinctive Laborite form of neo-conservative emphasis in its policy making processes.

In the 1980s the ALP followed a new strategy for survival in government (see Kelly 1992, and Gruen and Grattan 1993). The Party had a set of principles based on a long-standing history set out in its platform and articulated in policy statements leading up to the 1983 and subsequent election victories. Whether the Australian Labor Party had a clear plan of action, one with identifiable outcomes, is less evident, however. Nor is it clear that the Federal Labor Party had a strategy for the way in which it would govern in order to achieve the aims selected. The ALP's ascent to

power in 1983 has received much attention in the academic and popular literature (see, for example Maddox 1989, and Kelly 1992). That Hawke's ascendancy as a popular leader, swept to power heading a government with a majority of twenty five seats, gave him the mandate within his Party to develop a number of strategies reflecting his successful role as a conciliator and negotiator is now well known.

Hawke had a central role in the performance of Federal Labor in the 1980s and his relatively brief experience with the administration of government prior to 1983 would have influenced his decisions in government as to how policy processes would be managed. Maddox's (1989) account of the Hawke Government, published after its successful election for a third term in 1987, raises many questions regarding the administrative style of government and the impact of that style on Labor traditions. He suggests that Hawke's lack of parliamentary experience affected his style (Maddox 1989, p. 29). Hawke came to prominence in federal politics in a relatively short period. As Maddox noted, 'extraordinarily, Hawke had been required to serve no parliamentary apprenticeship at all.' (1989, pp. 28 - 29). Hawke's experience as the head of the ACTU during the Whitlam years was to colour both his attitude and approach to government and usher in a new way of negotiating reforms. The calling of The National Economic Summit in April 1983, convened in the House of Representatives before the new Parliament had met, symbolised Hawke's style and approach.

This approach reflected a preparedness by Hawke and his government to adopt different ways of dealing with public policy issues. The extensive processes of consultation and negotiation symbolised by the Summit also included the use of consultants.

Kelly, in his mammoth review of the government of the decade of the 1980s, suggested that

'Hawke and Keating created in effect a new Labor model of governance. As is usual it arose from improvisation: from politicians making the best of the tools available at the time within the scope of their realisable political imaginations. Hawke and Keating knew from the start that the demands of the 1980s required a response which transcended Labor's penchant for economic intervention, income redistribution and class antagonism' (p. 19).

While much of the overview provided by commentators such as Kelly recognises that the ALP in 1983 realised that its traditional attitudes toward business, public administration and the unions had to change, the reviews focus on the way in which the Labor governments worked. The Labor Party in power, like most new governments before it, had to find its way.

Facing up to international competition pushed the first Hawke government to develop policy that flew in the face of ALP traditions. Gruen and Grattan (1993) note that 'the ALP platform had been extensively rewritten before the Hawke Government was elected. The party had also come to acknowledge directly that the platform was a generalised framework, not a detailed description.' (p. 7) They also noted that the Party passed a resolution at its 1982 Conference giving general, rather than specific direction, to the parliamentary arm. In passing this the Labor party

'... had firmly in mind the lessons of the Whitlam Government a decade before. The party was ready to accept the need for more disciplined, less self-indulgent behaviour because it felt ill-discipline

had cost it dearly. It wanted the next Labor government, and the party that supported it, to be more organised in approach and different in style from the last one, in which recalcitrant ministers had caused a lot of trouble and the caucus had sometimes been a bloody battleground.' (Gruen and Grattan 1993, p. 5)

It was prepared therefore to allow the parliamentary arm of the ALP greater discretion when it came to power in 1983. Under Hawke's leadership the ALP moved away from its traditional interventionist stand and 'pulled the party along with it.' (Gruen and Grattan 1993, p. 5)

There is no evidence to suggest that in the early 1980s the ALP had planned to use consultants to review the particular policy fields reported in this thesis and yet, as we have seen in Chapter One, they made the choice to use consultants to review policy more often than had previous Labor and Liberal governments.

The years of the 1980s thus saw a sharp discontinuity in both policy stances and the source of advice sought for policy development. In their review of public policy in Australia, Head and Bell (1994), referring to the work of Jordan and Richardson (1987), point out that:

'... public policy-making occurs not so much in parliament or indeed even in cabinet, but in a more decentralised pattern of policy communities involving institutionalised interaction between key departments, relevant statutory authorities, advisory committees and a range of select, client interest groups.' (p. 29)

The processes of national consultation and negotiation in the early years of the Hawke government did not, however, continue on in a way which could be described as having established structures characteristic of corporatism (see Gerritsen 1986). The impact of these early approaches was that government sought to involve broader constituencies and become more open. This research is interested to know whether the engagement of consultants to undertake major reviews of public policy was part of a continuing strategy of consultation and negotiation.

TYPES OF POLICY CHANGE AND THEIR CONTEXT

As mentioned in Chapter Two, governments are confronted with two broad issues when considering which strategies to use to change policy. These are the degree of policy change desired and the level of entrenchment of institutional forces surrounding any policy issue.

The degree of policy change desired can be either relatively minor or a major turning point in a given area of public policy. The perception of the degree of policy change possible can influence a government's willingness to proceed with a change in policy. Their perception of what is possible also affects their ideas about how the policy might be changed.

The level of entrenchment of institutional forces surrounding the policy issue concerned varies and the ways in which these interests are manifested in representative institutions also vary. If the policy issue is longstanding and central to the community it would be expected to be a central part of Australian public policy institutions and surrounded by deeply entrenched issues. Strategies for change in a given area respond to perceptions of the problem at hand along these two dimensions.

Taking these two aspects of the dimensions of government action in managing policy change we can frame a typology which presents four possibilities for action. These possibilities are set out in Figure 3.4.

The first 'box' refers to situations in which governments seek only incremental change within an existing policy framework largely driven by well established policy-making institutions reflecting less entrenched sets of interests. The type of change likely here would typically be suggested by government departments or government business enterprises (GBE). The Department of Tourism and GBEs in the Department of Administrative Services and the Arts are examples of government action in these developing areas.

The second possibility for action involves fundamental change but in a policy field with only moderately entrenched sets of interests. This type of policy change could come through the work of government-appointed task forces established to focus on a specific issue at a point in time.

The third possibility concerns areas where governments seek only incremental change but policy-making interests and institutions are deeply entrenched in the issue. Ordinary activity by central government agencies, such as the Department of the Prime Minister and Cabinet, the Treasury and the Department of Industrial Relations, usually falls into this category.

Figure 3.4: Possibilities for Government Strategies to Manage Policy Change.

		The Degree of Policy Change Desired	
		Incremental	Fundamental
Entrenchment of Issue within Institutional Forces	Less Entrenched	1. Developing policy primarily within established policy-making institutions.	2. Developing policy largely outside of existing policy-making institutions.
	Deeply Entrenched	3. Reviewing policy primarily within established policy-making institutions.	4. Reviewing policy largely outside of existing policy-making institutions.

The fourth possibility for government action in managing policy change, however, is more complex. This is where governments seek fundamental change and where policies affect institutions and interests that are well entrenched. In such cases, governments seem most likely to use consultants to lead policy reviews, which may be staffed by public officials and other consultants. They use them in this context ostensibly because they are external to the entrenched interests, but also because of other factors already discussed, such as expertise.

This typology does not, of course, exclude the possibility of some institutions taking action to review policy issues in a way other than as represented by this typology. For example, government departments can and do occasionally review issues which challenge the rationale for their own existence. The Commercial Support Program in the Department of

Defence, which commercialises functions done by Defence personnel, might be seen in this light. Equally, task forces can make recommendations that do not challenge the expectations of established interests and institutions. Finally, not all consultants recommend changes which challenge institutional relationships.

In embarking on their process of reform successive Hawke Governments were able to call upon all four strategies for managing policy change. The political skill lies in choosing the most appropriate type of action, one which reflects the degree of change desired and fully recognises the level of interest and institutional entrenchment surrounding the issue.

SUMMARY

The policies which different individuals and groups in government seek to promote are a function of their own cultural and philosophical leanings, balanced by the demands of the electorate of the day. Traditionally in Australian party politics and in the Labor Party in particular, the parties specify their 'platform' for government (see McKinlay 1981) but in the 1980s this changed. The difficulty of estimating the impact of given policy choices on other aspects of the management of government and its operation in a crowded policy space gave rise to new or emergent policy strategies for government (see Mintzberg and Waters 1985).

In the 1980s the ALP gave its parliamentary wing discretion to implement the party philosophy unconstrained by specific Party requirements (Gruen and Grattan 1993). This changing relationship between the parliamentary arm and the ALP as a whole also suggests a change in the balance of planned and reactive strategies: the government was to rely less on the Party for policy advice and had to get information and advice from other places.

CHAPTER FOUR: CONSULTANTS: COMPLEMENTING THE

The context of Australian public sector management became more volatile in the 1980s as the nation was subject to significant and unpredictable change brought about by early moves to deregulate the economy. The impact of the changing global economy was profound and enduring. While the public administrative structures and processes of government, along with the norms of the administrative elite, continued to have an enduring and profound effect on the policy-making process (see Codd 1991, pp 1-2 for his view of public sector management in the 1980s), broader input was needed. The use of consultants to undertake strategic policy reviews became of major importance in the transformation of key policy areas.

In the opening chapter the use of the term *policy review* and the role of human endeavours and the demand for products are discussed. The growing complexity and turbulence in the public sector has led to identifying the nature of policy consulting work and the research question of the influence of such consultants on the policy-making process. What is a policy review? There is potential confusion over what is and what is not the nature of the consultant's work.

Consultants' expertise and status within the public sector as the basis for policy change, much depends on the way they are engaged and their officials engage consultants. In this chapter we will identify the nature and the purpose of the use of policy consultants. In the next chapter a review of five case studies of major policy reviews conducted by successive Hawke Labor Governments in the 1980s is presented, each having a significant impact on Australian public policy. This is the next part of this thesis. Each case reviews the contextual pressures for change in the policy field. They provide information on each consultant and the

CHAPTER FOUR: CONSULTANTS: COMPLEMENTING THE POLICY-MAKING PROCESS

INTRODUCTION

In this chapter we first discuss the fundamental concept that expertise gives rise to consultants before outlining different views on the nature of consulting work and how they relate to the processes of contemporary public policy-making. This literature review of consulting work necessarily covers a wide range from psychology, social psychology, management and organisation theory. This wide view results because there is no central defining paradigm from which consulting work has its roots. As noted in the opening chapter the use of the term has expanded across a range of human endeavours and the demand for consultants has generally reflected growing complexity and turbulence in all fields. A framework for identifying the nature of policy consulting work will assist with assessing the research question of the influence of such consultants on public policy and on the policy-making process. Without such a framework there is potential confusion over what is and what is not the outcome of the consultant's work.

Consultants' expertise and status within their fields do not alone provide the basis for policy change; much depends on the reasons why politicians and their officials engage consultants. In an attempt to better understand the nature and the purpose of the use of policy consultants in Australian public policy a review of five case studies of major consultancies initiated by successive Hawke Labor Governments in the mid-to-late 1980s, each having a significant impact on Australian public policy, follows in the next part of this thesis. Each case reviews the contextual pressure for change in the policy field. They provide information on each consultant and the

outcomes of their work before briefly reviewing each in terms of the policy consulting framework set out in the last part of this chapter.

EXPERT VERSUS EVERY-DAY ADVICE

The nature of 'advice,' as such, ranges from 'common sense' everyday advice to 'considered' expert professional advice. The common-sense adviser is all of us as we ask questions and make judgements about things and actions that jointly affect us. This is characteristic of most people. Questions of what, where, why, and how are asked every day in order to obtain information on which to base our actions.

The seeking of considered, expert professional advice, in contrast, is now common in many fields. For example, the medical practitioner offering advice is doing so on the basis of a high level of specialist education and training in the complexities of the human organism. Lawyers are similarly considered advisers with expertise based on extensive professional training and experience. Less formally, 'expert' advice may be based on experience and expertise acquired as a result of education and training and having regularly performed a job.

'Expert' advice of this kind, however, is usually narrow in scope. Governments seeking policy advice require individuals to have a comprehensive understanding of the field in question but also an understanding of the workings of government and the policy process more generally. The final advice from policy consultants, moreover, is based on both values and facts. In the advice they tender these types of advisers ultimately focus on the values of the client and knowledge of the broader context within which the client organisation must work. This is one major reason why they are so valuable to modern governments.

THE NATURE AND OPERATION OF POLICY CONSULTING

The use of the word 'consultant' to describe a range of activities associated with the provision of expertise and advice is common in modern organisations (see *The Economist* 1988). To consult is defined by the Oxford Dictionary as to 'seek information or advice from (person, book etc.)'. Individuals and organisations now 'consult' a wide range of experts as part of their decision-making. Governments have always made use of advisers, from ministerial staff to lobby groups, and taken advice from senior bureaucrats (Guttman and Willner 1976, Szanton 1981, Meltsner 1990) but only recently used professional 'consultants'.

The growth in consultant activity has presented new issues for organisations that seek advice and services from persons external to their formal structure. These issues concern both form and process. In the public sector, client organisations are concerned particularly about issues surrounding the management of consultants, including how to obtain and assess value for money in the advice received and to judge the competence of those advising (see the Department of Administrative Services submissions to the JCPA 1989). Questions about the nature of the advice given have also been raised; politicians, for instance, have been particularly interested in questions relating to the political impact of the use of consultants rather than the traditional system of advising by government departments (JCPA 1989). Other issues have concerned the quality of the advice given by consultants when compared with the quality of advice from departments.

Empirically-based definitions of the 'consultant' are rare in the social science literature. The consultant/client relationship is also seldom discussed in the

many considerations of the impact of consultancies on decisions in different organisational settings (Meade et al 1982). Moreover, while there are many anecdotal accounts of the approaches or styles which consultants adopt (for example, see Barber & Nord 1977; Robins-Carter 1984), research reports describing what consultants actually do are rare. The literature that does exist presents both normative and descriptive accounts of consulting. Normative prescriptions for the 'proper' or 'efficient use' of consultants and consulting, for example, suggest that 'the essence of organisational consultation is exchange; consulting is a two-way interaction focused on the seeking, giving and receiving of help' (Lippitt & Lippitt 1978), and 'a consultant is an expert who is available, for a fee, to render counsel on a problem falling within his or her special field' (Holtz 1989, p. vi).

Descriptive perspectives come from the profession of consultants themselves, as represented by the Institute of Management Consultants of Australia. The Institute states that the actual consulting skills of consultants is regarded more highly by clients than are the consultants' professional qualifications (*Financial Review* 28 January, 1988). The Institute's membership rules require candidates to have at least ten years' experience of consulting before they can be considered for admission, believing that practice is more relevant than formal qualifications.

Consultants are usually engaged by an organisation after a tendering process has been carried out (although the rigour of this process is often questioned – JCPA 1989). The tender process can vary from one firm being asked to propose how it might address a particular problem through to a public advertisement for expertise as measured against specific criteria, such as recognised performance in dealing with similar problems, where consultants compete for the job.

Typically the tender process implies that the problem to be addressed is 'known' in all its detail. When calling for consultants an organisation usually assumes that it has already completed an important part of the problem-solving process, that of problem identification. Consultants may therefore work in an essentially limited problem solving manner, one determined by the assumptions contained in the brief about the nature of the problem and how it would be 'solved' (*Economist*, 1988, Holtz 1989). Their success is based as much in accurately estimating the time it will take to provide an acceptable outcome for the client organisation as it is on the relevance of substantive advice they provide (Metzger 1989).

In order to obtain a view of the nature and role of policy consultants relevant to research into their influence on government decisions, the many different interpretations of the nature of consultants and consulting work in the literature are considered below. The discussion covers: general definitions of consultant; the APS definition of consultant; the organisation culture impact of consultants' work; and a more extensive review of the characteristics describing 'successful' consulting.

Defining Consultants

The term 'consultant' is used loosely in many areas. Medical specialists are often called consultants, journalists are sometimes referred to as media consultants, politicians retain strategy consultants, private enterprises engage management consultants, and computer programmers with expertise become automatic data processing consultants. The proliferation of fee-for-service experts who use the title 'consultant' in describing their work is a reflection of the increased diversity and complexity in modern society in many spheres.

Ronald Lippitt's discussion of the role of consultants in social change refers only to the very general aspects of a consultant's work. He makes two important points, that the consultant is 'temporary' and an 'outsider'.

'Consultation, like supervision, or love, is a general label for many variations of relationship. The general definition of consultation used in this paper assumes that -

1. The consultation relationship is a voluntary relationship between
2. a professional helper (consultant) and help-needing system (client)
3. in which the consultant is attempting to give help to the client in the solving of some current or potential problem,
4. and the relationship is perceived as temporary by both parties.
5. Also, the consultant is an 'outsider,' i.e., is not a part of any hierarchical power system in which the client is located.' (1959 p. 5)

Some definitions are very general:

'In its broadest definition ... a consultant is any individual firm (consultants are also companies, in this broad definition) specialising in some field and providing counsel and/or related services in that field for payment.' (Holtz 1989, p vi).

As Robbins-Carter notes in her review of the different routes to success, classifications of consultant functions, typologies of consultants have many commonalities even though they are developed by authors with diverse backgrounds. She says that

'all of the typologies identify educator and diagnostician roles for consultants. One typology describes consultant roles as ranging from those more task-oriented to those more process-oriented; another ranges the roles from highly directive to nondirective.' (1984 p. 88)

Robbins-Carter's view on this 'plethora of consultant role typologies' is because 'there is no clear, consistent, and agreed upon set of functions that consultants ought to perform.' (1984 p. 88). In providing a client's view on the role of consultants she notes that 'the essence of organisational consulting is exchange; consulting is a two-way interaction focused on the seeking, giving, and receiving of help.' (Robbins-Carter 1984 p. 91). The policy consultant also works with organisations and is equally concerned with the basis of the exchange between themselves and the individuals, organisations and broader social movements with which they interact.

Consultants play different roles in ways in which they work with individuals and organisations. Barber and Nord (1977) provide a taxonomy of consultant roles that includes priest, shaman, mystic healer and naturalistic healer. Their taxonomy is set out in Table 4.1 and tells much about the different styles and approaches of consultants.

Barber and Nord do not assume a conscious choice of role by consultants.

The idea of the consultant making such a strategic choice about his or her

role so as to reflect the context and needs of the client organisation is important in determining strategies for success, say Barber and Nord.

Barber and Nord (1977) also recognise the importance of the relationship between consultant and client in achieving a successful outcome and suggest that the way in which the client is persuaded to accept recommendations bears greatly on the final outcome of the relationship. Clients are influenced by the consultant in several ways; by the way the client complies with the influence of the consultant, usually in order to receive a favourable reaction for the consultant; by the way the client identifies with the consultant as a means of satisfactorily defining the relationship with the consultant; and, by the way the client internalises the consultant's value system as theirs (sic). (p. 203).

Table 4.1: Taxonomy of Consultant Roles, Styles and Approach (Barber and Nord 1977)

ROLE	STYLES AND APPROACH
As Priest	'an agent of a profession or organisation, a powerful collectivity (or 'awesome deity') that has great knowledge the client needs. Power and influence come from two sources: the knowledge itself....and the profession, the organisation, or the discipline.' (p. 200)
As Shaman	'Is seen as narcissistic; attention is focussed on him. He seems to be magical; he combines intellectual creativity and personal power with deep concern for the client and commitment to their work together.' (p. 200)
As Mystic Healer	'is difficult to describe since he offers neither external expertise such as the authority of the priest, nor himself as charismatic model, as does the shaman. The consultant as mystic healer says: 'I will help you to become, to realise your hidden strength, to unfold the resources within you.'" (p. 201)
As Naturalistic Healer	'the naturalistic healer corresponds more closely to the modern medical doctor. His power derives from his ability to bring concepts and techniques from existing knowledge to the client's problems.' (p. 202)

Etzioni-Halevy (1985) defines consultants as part of the 'knowledge elite' since they are 'persons who are professionally engaged in the creation,

elaboration and dissemination of theoretical knowledge, ideas and symbols.' (p. 9). Virtually every field of endeavour can now identify a consultant relevant to its needs, focussing on an individual who moves from organisation to organisation assisting with problem solving. Consultants retain independence from the organisation or individual who pays for their services, even though they may be retained on a semi-permanent basis. The increasing trend to privatise or contract out government work (see Ascher 1987) has also encouraged seeking advice from third parties, individuals and organisations independent of the immediate organisational or social setting.

Some observers feel questions of definition are irrelevant. For example, the question of definition is not important to Holtz who concludes, 'since it is not possible to define the term without a certain amount of ambiguity, so be it.' (1989 p vii). While some ambiguity is perhaps unavoidable, in order to understand the impact of consultants on organisational and political life, the nature of the work performed must be recognisable. The present research follows Altier who believes that the key to understanding what a consultant is lies in what the consultant does and, in particular, focuses on how a consultant helps a client reduce decision uncertainty (1987 p.28). He suggests that assisting with provision of a vision for the way ahead so as to reduce uncertainty is a key indicator of the work of a consultant and one of the reasons why they are used. If the consultant is effective the vision presented is based on a realistic assessment by the consultant of where the client is now and of the organisation's capacity to achieve the changes proposed.

Meade et al (1982) note that 'counselling psychologists are not alone in their uncertainty about what consultation is. It is a generic activity, similar to psychotherapy, and as such cannot be defined as a unitary phenomenon' (p.

40). However in an attempt at specificity in order to guide their research they provide a more detailed definition:

'Consultation is a process in which the consultant (individual or group from outside of the immediate consultee system) utilises expertise in human behaviour to help the consultee (individual, group, or organisation) to: assess the consultee's current level of functioning; generate strategies for maintaining or improving the consultee's functioning; make an informed decision on the consequences of implementing any given strategy; implement the apparently optimal strategy (which could, of course, mean no change from the current *modus operandi* of the consultee system); evaluate the effectiveness of the outcome (decision) of the consultation process; and terminate the consultative relationship once the desired outcome is attained and seems to be maintaining' (Meade et al, 1982, p. 40).

The Economist presents consultants as members of a relatively new profession, and suggests that payment for advice in specific areas distinguishes the consultant from other advice givers.

'the giving of advice, is as old as mankind. Some have suggested that the first consultant was Abel: he criticised his brother Cain for the marketing and product mix of his sacrifice, and showed him how to do better. Even before Abel, the serpent in the garden of Eden was offering advice to Eve. But there are crucial differences between the advice tendered by Abel and the serpent. For one thing, it was neither requested nor paid for. For another it was not offered by disinterested outsiders. Here is a clue to the first characteristic of the business: *it takes the form of specific assignments, commissioned from somebody*

independent, and paid for by clients' (13 February 1988 p. 13 *my emphasis added*).

To make the task of defining consultants even more challenging *The Economist* complains that management consultant 'trade' newsletters 'contain little hard information about what is a secretive profession - which may explain why many surveys of management consultants go no further than a string of dull interviews.' (1988 p. 4). *The Economist* suggests that the ambiguity surrounding the term allows consultants, like the chameleon, to readily adapt to the characteristics of the client.

The definition deemed most appropriate by *The Economist* for management consultants is attributed to Greiner and Metzger (*Consulting to Management* 1983) and is as follows:

'... management consultancy is an advisory service contracted for and provided to organisations by specially trained and qualified persons who assist, in an objective manner, the client organisation to identify management problems, analyses such problems, recommend solutions to these problems and help, when requested, in the implementation of solutions.' (1988 p. 4).

The Economist proposes, therefore, that companies should turn to consultants for three things:

1. Advice on coping with change,
2. A fresh and independent look at overall strategy
3. Advice on a specific step a company is taking' (1988 p. 3).

The most general perspective on consultants thus presents them as experts providing advice for a fee across the full range of organisational and institutional settings.

Policy consultants, the focus of this research, share many of these general characteristics. What differentiates them is the focus of their work on the policy-making process. Neither the service contractor (discussed below) nor the management expert are the focus of attention here. Rather, this thesis discusses the work of a critical but less widely known set of persons. These are the policy consultants, the outsiders who provide strategic policy advice relating to major administrative or program change.

The APS Definition of Consultant

In relation to the activities of the Australian Public Service the roles played by consultants vary from that of the expert giving very specific technical advice to organisations to that of the confidante giving open-ended support and assistance to a political or departmental leader. The APS's early (1978) guidelines on both the use of consultants and on accounting for their use follow Holtz's definition of consultants in terms of the tasks they perform and their relationship to the relevant public servants in the execution of these tasks. The guidelines use the terms as follows:

'In the context of these guidelines, 'contractor for services'* covers those persons and organisations (including consultants) who have been engaged throughout the Australian Public Service for a wide variety of purposes; these include (but are not necessarily limited to):

- obtaining advice on policy matters, and on technical and professional matters;

- carrying out research projects, attitude surveys and fact finding investigations;
- gaining access to pre-eminent experts (some from overseas on brief visits) for discussions/briefing sessions/seminars;
- conducting staff training courses or sessions at courses; and
- undertaking work which is partly done within the Service and partly outside (e.g. professional and other work by medical specialists, lawyers, engineers, architects, draftsmen, computer programmers).

* The distinction between a 'contract for services' and a 'contract of service' is discussed at Section 2.1.1) ('Guidelines for Departments and Authorities on the Engagement of Consultants and Contractors for Services' (PSB 1978). p. 2)

The Guidelines are concerned to distinguish personnel who are employees from contracted experts. The use of the term 'contract for services' is emphasised in these Guidelines to distinguish between the employment contract of the permanent employee embodied in the term 'contract of service' as opposed to contract for specific services from the outside 'contractor'. The use of the term 'consultant' became the norm in the 1980s even when the outsider was in fact a contractor providing a specific service, rather than advice, through criteria set by the engaging organisation. The great majority of work done by 'consultants' for the APS in the 1980s was in fact of a contractor nature and concerned specific services. Also, most of what is done concerns management issues relating to the way in which the particular organisation works.

The question of what constituted a consultant and the service they provided was the subject of much debate inside government in the late 1980s (see the

JCPA 1989). The Department of Finance's definition of a consultancy service in 1989 was, however, similar to that of the Public Service Board (set out above and published some ten years earlier), namely:

'For the purpose of 25/29 a 'Consultancy Service' means the engagement of persons or organisations, outside the Commonwealth Public Service, engaged for the following purposes:

- (a) obtaining advice on policy matters and on technical and professional subjects;
- (b) carrying out research projects, attitude surveys and fact finding investigations;
- (c) gaining access to pre-eminent experts (some from overseas on brief visits) for discussions/briefing sessions/seminars;
- (d) conducting staff training courses or sessions at courses.

These services can be provided by a range of individuals and organisations and include specialists such as lawyers, contract programmers, engineers, architects, medical specialists as well as management consultants' (Joint Committee of Public Accounts 1989).

In defining the nature of consultants and their formal relationship with those government organisations that engage them the APS focuses on the employment contract aspect of that relationship. The similarity between different policy agencies' guidelines for engaging consultants suggests that through the establishment of broad, all encompassing general guidelines

the APS allows considerable flexibility in interpretation and thus what can be counted as a consultancy. A glance at listings of consultancies in Commonwealth departmental annual reports in the early 1990s confirms this. While the Department of Finance and the Public Service Board provide examples of the types of work consultants might be expected to do they do not describe how this will be done. This is a large gap in the APS view on consultants and suggests that either little formal attention is given to the decision strategies used by consultants or there is a deliberate strategy to allow for different and innovative ways of problem solving to be introduced into the Service.

ORGANISATION CULTURE AND CONSULTING OUTCOMES

Not all of the advice given by consultants is heeded by client organisations. In his evaluation of the advice given to county and local governments in the USA by academic consultants in the 1960s and 1970s Szanton (1981) suggests that incompatibilities between the two cultures of academic and government meant that much advice given went unheeded. His findings may still be relevant today to understanding the outcomes of some of the Australian consultancies considered here as four were carried out by academics and, although the client was the Commonwealth Government of Australia, there are similarities in government and academic cultures in both nations.

Szanton provides a helpful distinction between two types of institutional cultures which indicates how 'inclusive' or 'exclusive' consultants are to the context they are working in. He suggests that it may be useful to investigate the extent to which academic consultants were or were not accepted as part of the culture with which they were working if the outcomes from their work are to be understood. These differences are presented in Table 4.2.

Szanton's important distinction between the concerns of academic versus governmental cultures is taken up in the last part of this thesis which reviews the success of at least three of the five consultants included in this research whose traditions are based in the academic culture.

Table 4.2: Differences between academic and governmental cultures (Szanton 1981, p. 64)

Attributes	The Two Cultures	
	Academic	Governmental
1. Ultimate object	Respect of academic peers	Approval of peers
2. Time horizon	Long	Short
3. Focus	Internal logic of the problem	External logic of the problem
4. Mode of thought	Inductive, generic	Deductive, particular
5. Mode of work	Solo	Collaborative
6. Most valued outcome	Original insight	Reliable solution
7. Mode of expression	Abstruse, qualified	Simple, absolute
8. Preferred form of conclusion	Multiple possibilities, depending on objective; uncertainties emphasised	One 'best' solution, objectives unspecified, uncertainties submerged
9. Concern for feasibility	Small	Great
10. Stability of interest	Low	High

SUCCESSFUL APPROACHES TO CONSULTING

Consultants may or may not be able to influence the choices made by their clients in the ways intended. Much of the behavioural literature on consultants and consulting focuses on the relationship between people in organisations and the methods they use to meet individual and

organisational challenges. All consulting, to varying degrees, involves interpersonal interaction. Such interaction is a key part of the way in which consultants work, regardless of whether they have a management or policy orientation. The discussion that follows aims to highlight, from numerous perspectives in the behavioural science literature, aspects of the relationship between consultant and client that leads to a successful outcome, however that outcome is defined.

Hamilton (1988), in her extensive study of organisation development (OD) consultants in the US Navy, agrees with French and Bell (1978) who suggested that consultants 'must be willing and able to become involved as persons, not merely as experts who will cure everyone else' (1988, p. 38). While this view of consultants does not fit well with the general perspective on consultant outlined above which presents them as experts providing advice in an objective manner, the extensive OD literature on the client-consultant relationship suggests that this is an important perspective to consider for all types of consulting, including that relating to the review of public policy. The OD literature suggests that consultants must have a close affinity with their clients if the consultancy is to be effective. This may be particularly the case with policy consulting.

Despite the importance of the client consultant relationship Hamilton also remarks, that

'in reviewing the literature on consulting, few articles were found that systematically and empirically assessed the personality characteristics or skills that would predict successful consulting efforts and successful consultants. Much of the literature, however, expressed *opinions* as to the requisite characteristics of effective

consultants. These opinions were based on either personal experience, a survey of consultants in the field, or on theory. Some research reports described the results of personality tests of practising consultants, but did not refer to consultant effectiveness.' (1988 pp. 39-40)

Hamilton's research hypothesises that the effectiveness of consultants is a function of how successfully they engage others in their work. She concludes that effective consultants

'... expect sensitivity, empathy, and compassion from themselves and others.....have a large capacity for addressing ambiguity and making sense of ambiguous information.....are also self-reliant, do not want to be dictated to, and do not wish to dictate to others.....[have] a friendly, cooperative disposition, a desire to be involved and to involve others in planning and decision making, and a preference for organising the promotion of causes.....[I]ntuitive individuals are more likely to look for new patterns beyond the reach of what is known. Intuitive persons see meanings, relationships, and possibilities beyond the reach of one's senses. They are especially capable at solving ambiguous problems.are sociable, bold, ready to try new things, spontaneous, and abundant in emotional responses.....can face the wear and tear of facing people, and can also be careless of details and consume much time in talking.....tend to be free of jealous tendencies, adaptable, cheerful, uncompetitive, concerned about others, good team workers, open and tolerant, and usually willing to take chances with people....tend to be composed, patient, and flexible - not rigid, frustrated, or impatient, as the term tense indicates....are unconventional, self-motivated,

concerned with essentials, creative, and often absorbed in thought' (1988 pp. 52-53).

As mentioned above other observers focus on a different aspect of the process of consulting. One of the first accounts of the nature and work of consultants appeared in 1959 in a special issue of the *Journal of Social Issues*, an edition dedicated to the theme of 'consulting with groups and organisations'. The editors and contributors were either psychologists or social psychologists who reflected on the consulting process in the context of individual and social change within groups and communities. The issue co-editor, Gibb opens with a broad brush picture of the consultant, focussing on the processes concerned:

'In order that the consultanship between the helper and the recipient optimally meet the needs of both parties, appropriate relationships must be built. It is necessary that both parties have certain kinds of skills, knowledge and awareness in order to establish these relationships. When this process becomes professionalised certain new dimensions and complications enter into the picture. A body of literature arises, dormant ethical issues come into focus, areas of competence and prerogative become differentiated, standards of performance become formalised, social psychological theory gets stretched, new research programs are launched, new courses and professional curricula are instituted, budgets and organisation charts are modified, comfortable organisational boundaries and formats are permeated, and people begin to talk of new professional organisations and problems of certification and social control' (1959 p. 1).

In assessing the likelihood of success in consulting other observers focus on the difficulties of a consultant's work. Beckhard, for instance, questions the assumptions underlying many a consultant's strategy and notes 'that there are two parallel and simultaneous agenda on which the client and the client system must work: the work on the problem, and the work on the relationship' (1959 p. 14).

Ethical questions also arise in consultancy on public policy issues. In considering the problems which arise in group and organisational consultation Kenneth Benne distinguishes between 'ethical' and 'technical' issues and suggests that much depends on the nature of the problems to be investigated. He points out that 'the most obvious distinction is a linguistic one. If the statement of the confronting problem involves ethical predicates - 'right,' 'wrong,' 'should,' 'shouldn't,' - it is primarily 'ethical.' If the problem is stated in terms of posited relationships between means and ends, or the relative effectiveness of various means and ends, or the relative effectiveness of various means in attaining a given end, the problem is primarily 'technical' (1959 p. 60). Benne adds that the distinction between ethical and technical problems is generally not clear to either the consultant or the client. His solution to this potential conflict 'lies in two main directions - in the pre-service and in-service training of consultants; and in more effective professionalisation of consultation services to groups and organisations' (1959 p.66).

Given the nature of the context within which behavioural consultants work, and the type of interpersonal issues they work with, the focus (in understanding success) on the relationship between consultants and clients is understandable. Consultants in public policy work with individual stakeholders who hold personal views both about the desired policy

outcomes and about the means to achieve these outcomes. To this end an appreciation of the skills of the policy consultant in developing and maintaining relationships with key stakeholders relevant to their work is important in understanding the outcomes of the consultancy.

Davey (1971) focuses on the prediction of success of consultants engaged to assist with organisational change. He attempted to measure the likelihood of successful client/consultant relationships by considering, amongst other measures, the managers' score on a 'dogmatism' scale. He hypothesised that the more dogmatic the client manager the lesser the likelihood of a successful consulting relationship. More generally, Davey (1971) concluded his survey research into management perception of the effectiveness of consulting assignments by suggesting that consultants are more effective where eleven conditions are met. These are when:

'The organisation considers some changes may be necessary, rather than where a consultant is retained to audit the status quo.

The organisation ascribes some expertise to and demonstrates trust in the consultant for his ability to develop and implement an effective change program.

The organisation initiates the original suggestion to seek consultant help, rather than responding to a suggestion initiated by the consultant.

Organisation members are in general agreement as to the need for and desirability of obtaining consultant assistance.

Several organisation members, and particularly those likely to be affected, have participated in the discussions and decisions leading to the retention of a consultant.

Organisation members are in general agreement as to the particular consultant selected.

The organisation's goals and expectations with respect to the required outcomes from the consulting assignment are identified and made explicit.

The organisation does not closely direct the consultant's work or unreasonably constrain him by embargo or withheld information.

There is clear definition and shared understanding of the respective duties to be assumed by the consultant and organisation members.

The organisation establishes a specific point of contact and liaison with whom and through whom the consultant can operate.' (Davey 1971, pp. 145 - 146)

While the research reported in this thesis is primarily concerned with consultants engaged to manage change associated with substantive policy issues – defined in Chapter One as reviewing the programs delivered by government – as opposed to administrative or organisationally based issues, several of these consultants worked with officials to bring changes into effect in the sense that they were engaged in the process over a period of time and that there were, inevitably, moves early on by officials to address

issues. Davey's findings are therefore of interest in reviewing the effectiveness of the consultancies reported herein.

The reason why consulting work does not always proceed smoothly is suggested by Argyris who notes that the consulting relationship is essentially marginal to the culture of the organisation because a consultant will work in a system 'whose values and norms are different from those of his own team' (1961 p. 130). The consultant will therefore experience: employees who do not inform him of the problems he is to resolve; senior management who may not inform him of their informal activities; sub-groups who attempt to collude with the consultant; differences between sub-groups in their perception of the problem; and frustration and conflict when his values are incongruent with the client's (Argyris 1961).

The complexity of these behavioural considerations is beyond the concerns of the research reported on in this thesis. Nevertheless, the idea that the way in which clients develop specific attitudes toward the consultant and thus the common task is important here because the study is concerned with consultants who must work with a very varied range of people involved in the policy process. They occupy different positions in relation to the task ranging from the Minister, through senior bureaucrats to middle managers and interested parties such as specialist lobby or community groups. Each group has different perceptions of a given consultant's role which affects how it expresses a position.

CONSULTANTS AND THE CREATION OF MEANING

In Chapter Two the relationship between the nature of policy problems and the way in which they are 'solved' or 'managed' was discussed. It was proposed that the way in which policy makers perceive policy problems

before them largely determines the way in which they deal with them. In a turbulent and rapidly changing world the nature of policy problems takes on new meaning as the context in which they sit changes. Thus, how stakeholders in a policy field view policy problems is central to their resolution.

Reich's (1991) work on the impact on nation states of the globalisation of industry through the shift from national industries to international industries also provides an insight into the nature and growing role of consultants and into the ways in which they work to interpret policy problems. As part of this globalisation trend, Reich (1991) identifies three broad categories of work, '*routine production services, in-person services, and the symbolic-analytic services.*' (p. 174). In summary the characteristics of task categories are as follows:

'Routine production services entail the kinds of repetitive tasks performed by the old foot soldiers of American capitalism in the high-volume enterprise. They are done over and over - one step in a sequence of steps for producing finished products tradeable in world commerce.

In-person services, the second kind of work that Americans do, also entails simple and repetitive tasks. And like routine production services, the pay of in-person servers is a function of hours worked or amount of work performed.

Symbolic-analytic services, the third job category, include all the problem-solving, problem-identifying, and strategic-brokering activities. Included in this category are the problem-solving,

-identifying, and brokering of many people who call themselves consultants Also included is much of the work done by management consultants, financial consultants, tax consultants, energy consultants, agricultural consultants' (Reich 1991, pp. 174 - 177)

Policy consultants, including those considered in this thesis, are symbolic-analysts who are involved in 'the manipulation of symbols - data, words, oral and visual representations' and who therefore play a key role in the creation of policy meaning. Symbolic-analysts, Reich says,

'... solve, identify, and broker problems by manipulating symbols. They simplify reality into abstract images that can be rearranged, juggled, experimented with, communicated to other specialists, and then, eventually, transformed back into reality. The tools may be mathematical algorithms, legal arguments, financial gimmicks, scientific principles, psychological insights about how to persuade or to amuse, systems of induction or deduction, or any other set of techniques for doing conceptual puzzles.

Symbolic analysts rarely come into direct contact with the ultimate beneficiaries of their work.

Symbolic analysts often have partners or associates rather than bosses or supervisors.

Symbolic analysts often work alone or in small teams, which may be connected to larger organisations, including worldwide webs.' (Reich 1991, pp. 178 - 179)

Reich's description of the characteristics and activities of symbolic analysts complements Etzioni-Halevy's (1985) and Barber and Nord's (1977) definitions of consultants as outlined above. The importance of the role of symbolic analysts is indicated by the fact that they now constitute roughly 20 percent of the American workforce while in the 1950s they accounted for less than 8 percent (1991, p. 179).

Consultants engaged to review major parts of Australian public policy similarly assist in the creation of meaning surrounding their respective policy fields. As governments struggle to find new and innovative ways to manage the challenges confronting their societies the management of meaning, or new ways to think about society and the role of individuals and institutions within that society, is central to understanding policy change. This meaning is created as individuals and institutions look beyond their traditional boundaries in the search for better ways of managing public policy. Consultants help them build this wider view, while also maintaining individual and institutional integrity in a policy field, is of interest in this research into the role of the policy consultant.

PUBLIC POLICY PROBLEMS AND CONSULTANTS AS PROBLEM SOLVERS

The relationship between the nature of the public policy problems which consultants are asked to solve and the way in which they solve these problems is important: some types of public policy problems may be more conducive to problem-solving using policy consultants than are others. If so, the question arises of which types of public policy problems are more easily managed using consultants, and which are not. The nature of the public policy problem considered is therefore important in any assessment of policy consultant success in such problem solving.

Chapter Two uses Rittel and Webber's (1969) concept of the 'wicked problem' to differentiate public policy problems and perceptions of the nature of the problem against the approaches used by consultants. Consultants may simply advocate a solution because they assume that they are dealing with an essentially tame problem or they may recognise the need to redirect approaches to what is essentially a wicked, insoluble, public policy problem, whether the issues are operational matters or concern strategic direction.

Table 4.3 provides a schema for arraying the nature of a consultant's recommendations against the assumptions about the nature of the issue which underpin the problem-solving approach used.

Table 4.3: The relationship between the nature of a consultant's recommendations and assumptions about the nature of the problem addressed.

	Nature of Recommendations	
	<i>Within established system (operational)</i>	<i>Beyond established system (strategic)</i>
<i>Solving Tame Problems</i>	(1) Orderly change within established system (eg introduction of new, institution based, processes and procedures)	(2) Orderly change beyond established system (eg introduction of system wide processes and procedures)
Assumptions about the Nature of the Problem Addressed	(3) Ongoing process of review within established system (eg managerial systems such as quality improvement programs)	(4) Ongoing process of review beyond established system (eg policy changes which impact across the system of governance)
<i>Managing wicked Problems</i>		

Type 1 consultancies recommend changes that assist organisations with orderly change within established system, such as, for example, the development of policies relating to the introduction of institution-based

processes and procedures such as new computer systems relevant to the work of the specific agency.

Type 2 consultancies recommend orderly change across whole systems, such as, for example, the development of policies relating to changes to the orientation of public administration toward output-oriented financial management as occurred with public sector reforms in the 1980s.

Type 3 consultancies recommend the introduction of processes which give the organisation greater opportunity to change and improve within the established system, such as, for example, the development of policies relating to the quality improvement programs within government agencies.

Type 4 consultancies recommend ongoing processes of review beyond the established system, such as, for example, the development of policies relating to changes within policy fields such as health and education which impact across society.

Policy consultants range across all four type of consultancies. While types one through three would also see a high degree of involvement from management consultants these types may also require the approach of the policy consultant. Although these are not 'pure' types all four types can be distinguished in a comprehensive review of policy and organisation. Consultants, in general, make recommendations covering a range of problems including identifiable, solvable problems as well as ways to manage strategic organisational issues. The impact of a consultant's work on public policy can range from facilitating change within the established system of policy and organisation to recommending a fundamental, strategic redirection of both.

This framework is used to organise the discussion below of the consultancies selected for study here. Whether policy consultants are able to assist decision-makers to undertake fundamental reviews and assist with developing new policy in a comprehensive manner by engaging key stakeholders and recommending innovative policy options is largely dependent on the decision-makers themselves.

SUMMARY: POLICY CONSULTING AND PUBLIC POLICY-MAKING

The many different perspectives on what constitutes consultants' roles outlined in this chapter include common themes concerning the relationship of the client to the consultant. These themes present the consultant as someone, typically with professional training and a high level of interpersonal skills, who is essentially a disinterested observer of any particular client and who provides expertise for a fee to a variety of clients in order to solve a problem.

When making decisions to use consultants public service agencies need to consider the nature of the relationship between the consultant and the client organisation. Fisher and Brown (1989) argue that it is 'those qualities that will make it a good "working" relationship - one that is able to deal well with differences' (p. xiii) that affect the quality of any negotiation. Whether this relationship is managed consciously (Fisher and Brown 1989) or is simply allowed to develop is an important aspect in understanding the success of consulting work because awareness about the process of decision-making is as important as the consultant's concerns for the substantive outcomes of the consultancy.

When considering the nature of policy consulting work and the nature of public policy making many similarities can be found. In Table 4.4 an attempt is made to compare aspects of policy consulting work and public policy making. Through a focus on terms of reference and providing advice over a set period and the requirement to consult widely, consultants focus on both the process and the policy outcomes. While politicians and bureaucrats are also interested in both aspects of decision-making, effective policy consultants are relatively more interested in process than outcome.

Key players are to be involved by the consultant in the process of enquiry and review. This involvement typically occurs in a neutral or 'disinterested' manner. While political power is certainly appreciated by the policy consultant, it is not the central issue at hand. For politicians, in particular, the power of key stakeholders is certainly to be acknowledged and is part of their basic response to the work of the consultant.

Table 4.4: Characteristics of Policy Consulting and Public Policy-making

	Policy Consulting	Public Policy-making
1. Focus of decision making	Is more on the process than the outcomes.	Is more on the outcomes than the process.
2. Role of key players	Sources of power to be involved	Sources of power to be acknowledged
3. Role of data	The source of informed decision-making	The evidence for informed decision-making
4. Involvement of stakeholders	As a key part of the process	As a key part of the outcome

Data is the life-blood of consultants as they attempt to understand the nature of the issues surrounding particular policy fields. Data is the basis for rational decision-making and is essential to comprehensive analysis. Basic data is essentially value-free and while interpretation may be subject to

political interference, it is not determined by political values alone but on the basis of more 'objective' or allegedly 'broader' criteria.

Stakeholders are involved by the consultant in the process of reviewing public policy-making. The use of the consultant allows for involvement of stakeholders close to the process but not necessarily close to the ultimate decision maker since both political and bureaucratic stakeholders are central to the policy outcomes of a consultant's work.

The similarities between effective policy consulting and effective public policy-making is a recognition of both process and content outcomes. Policy consultants are not content free; along with their political and bureaucratic masters consultants are certainly interested in outcomes. What characterises effective policy-making in the public arena more than in the private sector is the due process that must be followed to achieve a particular outcome. It is the policy consultant with their processes of explication, consideration and involvement that provides this due process.

Several dimensions for measuring success in policy review through the use of policy consultants may be identified. These dimensions include the breadth of the consultancy; the quality of the analysis undertaken by the consultants or their staff; the degree of involvement of relevant stakeholders; and the degree of change implied by the consultants' recommendations to government.

The success of the policy consultant is, first and foremost, determined by the breadth of the terms of reference for the consultancy. The terms of reference need to be wide enough to allow all relevant factors to be considered but not so wide as to present an unachievable task or so narrow as to be too

constraining. The terms of reference should allow consultants to take a wide view of the field rather than find the use of their expertise constrained by excessively limiting terms of reference. The consultant should be able to examine related issues around a core theme. Given ample room and adequate range over which to develop or review a policy issue the consultant is able to bring his or her expertise to bear by ensuring that the basic research is of a high quality, that all relevant stakeholders are involved in the process and that the consultant is able to recommend implementable strategies for improvement in the policy field.

The use of both quantitative data and properly grounded qualitative research is essential to the quality of the basic research. The effective policy consultant uses the most comprehensive, objective research methods appropriate to reviewing the field and does not rely exclusively on subjective methods. Quantitative information, for example, may come from sources such as the Australian Bureau of Statistics while qualitative data may come from popular methods such as focus groups.

The nature of 'public' policy-making, in comparison with business policy-making, demands a high level of involvement with relevant stakeholders when policy changes are being considered. Thus successful policy consultants involve stakeholders in a way which allows these stakeholders to respond to proposed options for change in a considered manner. The involvement of key stakeholders in the process of policy review can be central or marginal. There is an obvious political choice in either strategy. Early involvement of key stakeholders minimises wider discontent when a recommendation is made to government but may also close discussion of the issues.

The degree of change to current practice or view implied by the policy consultant's recommendations to government is also an important factor in the success of policy development or review by such consultants. A policy consultant's ideas for action may be regarded by key stakeholders as especially creative and thus be expected to provide for improvement in the particular policy field whether the changes proposed to existing policy are incremental or more radical.

The turbulence within which government and business operates in the late 20th century has given rise to and established the role of consultant in western liberal democracies. The concept of consultant usually applies to individuals, or associations of such individuals in business firms, who are regarded as having expertise in a particular field and who are able to demonstrate this expertise in solving client problems. Important to understanding their success as experts who advise others is their ability to convince others that new ways of working are called for. Central to their success is thus the way in which they assist individual clients and organisations to address the issues before them. The consultants' competence is not so much in assisting the client arrive at an 'answer' to a recognised problem as it is in assisting them to move toward the next step in their evolution, one that allows them to maintain their position in a market, or, in terms of the policy process, within a policy field.

CHAPTER FIVE: SOCIAL WELFARE IN THE MODERN STATE

THE 'INCREASING WELFARE BURDEN'

The way in which the benefits of economic success are shared between citizens is a central task of government in modern western societies. This task is constantly made more complex by the dynamics of economic fluctuations and differing views about social equity and the most effective means of distributing wealth (see, for example, Castles 1990a and Stretton 1987). Australia's social welfare system has developed as a series of varied responses to this issue. The long period of stable economic prosperity in Australian society in the two decades after the Second World War created a sense of economic security that proved to be false in the late 70s and early 80s. The economic turbulence of the early nineteen seventies gave rise to more dramatic swings in the economic cycle, with an overall trend against Australia's largely commodity-based economy already becoming evident in the early 1980s. When the Hawke Labor Government came to power in 1983 the Government had to address urgently the implications of the changing economic context, both for the functioning and management of the Australian economy and for the country's financial commitment to the established welfare system.

This chapter examines the attempts by successive Hawke Governments to reconcile the established distribution of rewards to different social groups via the social security system with the new economic pressures on the public purse and a changing view of the role and responsibilities of government for welfare. It reviews the work of Dr Bettina Cass, (then) Associate Professor of Social Policy at the University of Sydney, who was Director of the Social Security Review from 1986 to 1989. It examines the broader social, economic and political context within which the Review was

undertaken and how this context influenced the final recommendations of the Review.

RECENT FUNDING DEVELOPMENTS IN THE AUSTRALIAN WELFARE STATE

Expanding welfare programs were long a feature of postwar Australia (Jones 1980, p. 1). Between 1964-65 and 1986-87 there was a shift in Commonwealth budget outlays away from defence and economic services toward education, health and social security. Table 5.1 also shows a significant shift in government spending away from physical infrastructure and toward welfare spending during this twenty year period.

Table 5.1: Outlays of Commonwealth Budget by Function as a Percentage, 1964-65, 1974-75 and 1984-85 (Reserve Bank of Australia, 1988, p 49)

	Defence	Educa- tion	Health	Social Secur- ity & Welfare	Econ- omic Services	General Public Services	Other	Pay- ments to State	Public debt interest
64-65	12.9	2.3	6.1	19.5	14.0	6.4	4.9	25.3	8.6
74-75	9.0	9.3	7.2	20.8	13.2	7.3	7.4	20.8	5.0
84-85	9.3	7.1	9.6	27.9	7.1	6.8	3.4	19.9	8.9

Jones shows that the proportion of the population receiving public welfare funds increased over the decades 1975 to 1985. By the late 1970s, 28% of the workforce received Commonwealth pensions (1980, p. 1), up from 17% in 1969, a reflection of what he describes as *ad hoc*, unplanned growth. Jones suggests that,

The discovery of poverty in Australia in the 1960s reflected increased expectations. The objective level of material deprivation in Australia was worse between 1890 and 1940 when an unstable low-growth economy created much misery. (p. 205)

In his second edition of *The Australian Welfare State*, Jones (1983) noted that the pressure on government to maintain the welfare state had, in fact, increased. This presented significant strategic challenges for governments charged with meeting continuing expectations relating to the welfare state.

'economic troubles force us to question the 'rights' movement, [as] the basis for the expansion of the post-war welfare state. A troubled society emphasises individual responsibility as well as rights. Those who will pay will become as vocal as those who will benefit...' (p. iv)

As post-war prosperity waned in the late 1970s, the pressures on the welfare state increased dramatically. Social expenditure as a proportion of GDP between 1960 and 1985 increased from 9.5% to 18.4%. In the context of lower national economic growth the Commonwealth's capacity to maintain these levels of welfare expenditure was being questioned (Jones 1993, p. 48).

Social payment pressures on the Commonwealth continued to rise, even in the face of economic growth. The ratio of dependency, that is, the number of 'people dependent on Commonwealth social-security benefits for every 100 persons in the full and part time workforce', rose from 21.3 per 100 to a peak of 47.1 in 1983 during a recession before dropping to 40.6 in 1988 despite a booming economy (Jones 1990, p. 1).

This increase caused 'a general concern about the ability of our social security system, basically unchanged over the post-war period, to cope with these fundamental demographic, economic and social changes.' (Edwards and Leeper 1989, p. 19).

At the same time as the economy's strength declined demands on the system increased. In part these derived from dramatic changes in the composition of Australian society in the 1970s and 1980s which were seen in changes in family structures, an ageing population and an increasing unemployment burden. In particular, the composition of Australian families was undergoing change throughout the 1970s and 1980s. As Hugo (1986) shows in Table 5.2, the period saw a large increase in single-parent families headed by females.

Table 5.2: Changes in Family Type by Sex of Head of Family, 1976-1981 (Hugo, 1986, p. 197)

Family Type	Males			Fe- males			Ratio M:F	
	1976	1981	% change	1976	1981	% change	1976	1981
1. Head only	364 197	507 196	+39.2	475 842	606 844	+27.5	0.77	0.84
2. Head, children only	23 325	34 887	+49.5	137 321	217 170	+58.1	0.17	0.84
3. Head, spouse only	922 846	987 996	+7.0	28 599	73 315	+163.3	32.27	13.12
4. Head, spouse, children	1 215 543	1 323 207	+8.8	17 370	55 222	+217.9	69.98	23.96
5. Head, other adults only	64 603	70 549	+9.2	136 078	152 820	+12.3	0.47	0.46
6. Head, other adults, children	13 260	12 343	-6.9	136 078	152 820	+12.3	0.47	0.46
7. Head, spouse, other adults	373 030	355 396	-4.7	6 511	14 518	+122.9	57.29	24.48
8. Head, spouse, other adults, children	414 127	335 996	-18.8	5 399	10 920	+102.2	76.70	30.77
Total	3 390 931	3 627 570	+6.9	854 941	1 185 300	+38.6	3.97	3.06

Source: calculated from ABS censuses of 1976 and 1981.

The impact of changes to the structure of Australian families, including increased need for accommodation for the aged and better employment opportunities for single mothers (see Figure 5.1, for example), on the capacity of the state to maintain a high level of social welfare spending was

significant. The family was playing a declining role in the provision of community-based welfare and families were taking less responsibility for the care of the aged as well as for other dependent groups such as unemployed youth and the disabled.

Figure 5.1: Unemployment rates according to family status of individuals, 1982 (Hugo 1986, p. 276)

Source: ABS (1984e, p. 30)

In his analysis of Australia's changing population, Hugo (1986) noted that the impact of the ageing population will place a major burden on the financing of a broad range of policy areas. In Table 5.3 Hugo (1986) shows that by 1983 'the increase in the number of persons receiving the aged pension has been well in excess of the rate of increase of the aged population.' (p. 179). In relation to health care he notes that 'not only are the numbers of older people increasing faster than the population as a whole but the incidence of illness among them is increasing.' (Hugo 1986, p. 315).

Table 5.3: Persons receiving the aged pension, 1971-83 (after Hugo 1986, p. 179)

	1971 (June)	1981 (June)	1983 (June)
Number of Aged pensioners	758 700	1 327 900	1 557 296
Percentage of total population	5.9	9.0	10.1
Percentage of workforce	13.5	19.7	22.3
Percentage of those aged 65-69 receiving pension	54.6	66.4	77.3
Percentage of those aged 70+ receiving pension	70.2	93.1	97.2

Sources: Department of Social Security (1983, p. 2); ABS (1982d, pp. 40 -41)

Gibson (1990) summarises key aspects of this context (p. 181) as follows:

- the early 1980s were characterised by recession and the highest rates of unemployment for decades;
- the decline of the 'traditional' family of wage earning father, non-earning mother and dependent children;
- women with dependent children moving into the paid workforce;
- higher rates of marital breakdown leading to large increases in the number of one parent families;
- the increasing number of aged persons;
- continued decline in fertility rates below replacement level; (pp. 181-2).

Gibson goes on to note that these 'social, demographic and economic changes have had dramatic effects on the numbers of people dependent on government benefits and pensions.' (1990, p. 182). She draws from the Department of Social Security *Annual Report* 1987-88 to illustrate the changes in the numbers of pensioners and beneficiaries from 1973-88 (Table 5.4) and to show that there had been a significant increase in the number of Australians drawing from the federal budget in a period of economic downturn.

Jones' comment in the early 1980s on the lack of planning in the welfare state provides another view on the rationale for the SSR. He remarked that

'The welfare state developed in an unplanned, *ad hoc*, incremental historical process with comparatively little discussion about key issues. But this approach becomes obsolete when social expenditures reach a threshold as in the 1970s. Rapidly growing welfare spending imposes stresses on Australian society and diverse sources attack the justification of the Welfare State. To survive, the Welfare State needs planning, with discussion of goals and the benefits and costs of alternatives. *The absence of systematic planning makes the Welfare State confused and often ineffective, but Australia is unwilling to adopt systematic planning to rationalise the system.*' (Jones 1980, pp. 1 - 2, italics, my emphasis)

Table 5.4: Numbers of Pensioners and Beneficiaries, 1973-88 ('000) (Gibson 1990)

					% change	
	1973	1978	1983	1988	1978-83	1983-88
Unemployment						
Beneficiaries	39.6	265.8	540.2	502.5	+103	-7
Supporting						
Parent	-	57.4	140.2	182.0	+144	+30
Beneficiaries						
Invalid						
Pensioners*	171.5	254.0	277.3	388.9	+9	+40
Age Pensioners*	950.5	1,293.5	1,417.2	1,354.1	+10	-4
Family						
Allowance**	n.a.	2,070.9	2,155.7	1,948.2	+4	-10
Family						
Allowance***	-	-	17.8	141.3	-	+694
Supplement**						

*Includes wife/carer pensioners

***Formerly Family Income Supplement

**Number of families (after Gibson 1990, p. 181)

These changes greatly influenced the social welfare policies adopted by Labor governments of the 1980s. Cass herself, the consultant selected to review the welfare system, put the review in context in the introductory paper 'The Case for Review of Aspects of the Australian Social Security System' (1986). Her view reflected the changes outlined above when she noted that as a result of:

'- Rapid increases in the rate and duration of unemployment and changes in the distribution of unemployment;

- Changes in family composition and in particular an increase in the formation of sole parent families;

- An increase in the number and change in the composition of people in poverty;
- Recognition of the impact of demographic change; and,
- Changes in the public/private mix of retirement income provision,

the Australian system of pensions, benefits and children's allowances, consolidated in the post-war reconstruction period and heralded then as central to the 'New Social Order', is now subjected to demands made by very different economic, social and industrial conditions' (1986, p. 9)

Cass also noted in this introductory paper that:

'the extent to which the income maintenance systems of the industrial countries have responded by providing adequate security through the life-cycle of citizens and their families (which the name social security promises) has been one of the major questions raised in the international literature.' (1986, p. 1)

INTERNATIONAL TRENDS: THE REFORM OF WELFARE SYSTEMS

Many western countries were experiencing similar changes to their social and economic fabric and resulting pressures on their social welfare systems. In 1981, the Secretary General of the OECD advocated a move from traditional conceptions of the 'welfare state' to the 'welfare society'. The OECD Secretariat argued that:

'The competing strategies appear in large part to boil down to the relative weights assigned to the traditional centralist ("Welfare State") option as compared to a much more decentralised, disaggregated and selective ("Welfare Society") approach. The traditional centralised approach depends on tax/transfer mechanisms, uniformity in the delivery of social services, universality, and the protection of individuals through impersonal transactions with non-discriminatory eligibility conditions. The disaggregated approach, which has emerged in the seventies, is based on more selectivity (to target groups) in income transfers and the delivery of services; greater decentralisation and localisation of services; greater responsibilities by local authorities, community groups, employers and trade unions, and of "third sector" institutions; tighter eligibility conditions and incomes-testing; and more monitoring of effectiveness.' (OECD 1981, p. 82)

Clearly the time was right for a major review of Australia's social security system, in terms of economic change and governments' ability to pay and of international trends away from reliance on established conceptions of what constituted a welfare state.

LINKING SOCIAL SECURITY AND THE ECONOMY

The Social Security Review focussed on ways to link social security programs with broader economic changes occurring in Australian society and partly as a result of the macroeconomic reforms brought about by the first two Hawke governments themselves. Throughout the Review both Cass and the Minister, Brian Howe, were also to argue for a wider appreciation of the role Social Security payments should play in redefining

tax and wage policy. In an article for the *Financial Review* early in 1987 (16 March), Cass stated that:

'it must be emphasised that family allowances and before them child endowment were developed not as a welfare measure, but as an essential adjunct to taxation policy and wage fixation.'

In April 1987 Minister Howe's speech to the Royal Australian Institute of Public Administration in Canberra signalled 'that changes could be made to unemployment benefit administration to assist and improve links with education, training and employment programs.' (*Financial Review*, 9 April). Throughout the period of the Review Howe continued to stress the link between welfare programs and employment strategies (see *The Age*, 9 February, 1988). Issues paper number four, 'Income Support for the Unemployed in Australia: Towards a More Active System', (Commonwealth of Australia 1988) showed the relationship between experience of unemployment and poor educational attainment:

'evidence suggests that although the risk of unemployment can indeed occur across all stages of working life and in all socio-economic groups, there is a heightened risk of unemployment for people without post-school training and recognised job qualifications, who are likely to be drawn from low income groups.' (p. 3)

Linking the Review to wider economic restructuring issues was central to both Howe's and Cass's conception of the purpose of a fundamental review of a major component of Federal Government expenditure (see Cass 1989).

Cass and McClelland were to write after the Review that the work/welfare dichotomy was essentially false and misleading if social security reform was to complement and positively assist in the development of Australian society (Cass and McClelland 1989). They said that:

'such changes cannot be achieved in isolation from reform of labour market segmentation, improved education and labour market training, reduction of wage inequalities to improve the position of low wage earners. The campaign to achieve adequacy in income support requires a complementary campaign to reduce unemployment and increase labour force participation, but not in such a way that those previously marginalised from the labour force move predominantly into an insecure succession of jobs in the secondary labour market. This is the major reason why the Basic Income model alone is inadequate to the dual task of reducing inequality and providing the conditions for improved and more secure life-time earnings.' (p. 72)

Goodin and Le Grand (1986) have argued that Australia's welfare system has been subject to 'creeping universalism' where the non-poor infiltrate programs originally targetted on the poor. Their hypothesis is that '... there are three forces at work that might impel *any* programme initially targetted on the poor to expand its coverage over time to include an increasing proportion of the non-poor'. They suggest that these forces are '... the difficulties of defining boundaries, the expansionist tendencies of the bureaucracies, and behavioural response by the non-poor to render themselves eligible for the programme.' (p. 261) Such creeping universalism was an important factor in Howe's decision to review important aspects of the Social Security program.

The Review of Social Security was carried out 'in a period of fiscal restraint' (Cass 1989, p. 135) which Cass notes had 'characterised Australian social policy since the mid 1970s' thus placing added pressure on the review to recommend reductions in welfare spending (1989, p. 135, see also Saunders and Whiteford 1991). The Review presented an opportunity for the Minister to resist short term answers to the fiscal crisis and the pressing social security issues of the day, with many newspaper reports on the Review quoting the Minister as saying that 'decisions would be made after the findings of the Social Security Review had been finalised' (for example, *Canberra Times*, 5 January, 1987).

The problem of how to change a welfare system traditionally focussed on universal entitlement to one which targets those in greatest need in a context of diminishing resources while not disadvantaging those genuinely in need became the challenge facing the Minister for Social Security, Brian Howe.

MINISTER HOWE'S VIEW

The Minister for Social Security was responsible for the establishment of the Social Security Review. In the mid 1980s he was acutely aware of the challenges that the changes which Edwards and Leeper reflected on at the end of the decade, were to bring. In a speech at an income support seminar in Melbourne on 9 November, 1986, Howe gave his view of the context within which the welfare strategies for the future would have to be implemented:

'The post war years of Australia's uninterrupted economic growth and developing welfare state seem a long time ago. In retrospect, it was much easier then.

Faced with the collapse in the early seventies of economic growth, all governments have become preoccupied with structural changes in industry and the economy and restoring economic employment growth....

The context for social reform in the eighties has changed dramatically. To be of lasting benefit, social reformers do not have the luxury of being able to replicate the assumptions shared by reformers of a decade ago.

There is also a sense in which popular perceptions of social issues have changed a great deal since the seventies.

The long boom of the fifties and the sixties had nurtured a mythology of a universally comfortable, secure society marked only by temporary need.

The myth has long since evaporated.' (Howe 1986)

When the Hon. Brian Howe was appointed as Minister responsible for Social Security in 1985 he was dubbed 'the paymaster' by his colleagues since he had responsibility for the payment of pensions and other welfare allowances which together constituted a very large proportion of the federal budget. As a politician with a keen strategic perspective, Howe saw the opportunity to carry out a comprehensive review of the social security

system. Towards the end of 1985, Howe participated in a number of workshops on the state of the Australian welfare system during which he began to develop a strategy for reform (P. Troy, personal communication, January 1991). This strategy was one of relating welfare strategies more closely to training, education and work issues and was to be refined and discussed throughout the review of key components of the social security system. To facilitate this process he chose as Director a consultant who had both the intellectual capacity to review the current system and provide the framework for a comprehensive reworking of the social security system and the personal drive and commitment to carry the review through.

THE CONSULTANT

The review process began in June 1986 when Howe commissioned (then) Associate Professor Bettina Cass from Sydney University as the Consultant Director charged with the review of the Australian Social Security System. 'One of, or perhaps the most highly regarded of the younger generation of Australian social policy writers' (Watts 1989, p. 99), Cass played a central role over the period of the review in setting directions and suggesting outcomes. She was the primary author of the introductory paper on the need for the Review and of two issue papers; she also collaborated on one other and directed the research relating to the remaining three papers. Cass also had a large part to play in the preparation of the numerous associated reports published and had clear oversight of the Review process. Cass' primary formal responsibility was to direct and review the work of the public servants who were part of the Social Policy Division and who worked on the reports and the issues papers emanating from the Review. Her views were to dominate the whole process and its direction. In a few cases other outside consultants were also used in the Review but were of lesser impact.

Cass developed her academic interest in social policy first in relation to family assistance programs. Her doctorate was a study of the family allowance scheme which she undertook at Sydney University (see Cass 1982, Cass and O'Loughlin 1984). Her academic career had started relatively late in her life and she was personally committed to policy research on a range of women's and other social issues surrounding the family payments scheme. Before rejoining Sydney University as an Associate Professor she was a researcher at the Social Policy Research Centre at the University of NSW.

Cass was part of a closely-linked network of social policy researchers in Australia and a participant in a number of seminars conducted in the Research School of Social Sciences at the Australian National University in 1985 which the Minister for Social Security, Brian Howe, attended and at which he discussed his strategy for the reform of social security (personal communication P. Troy). At these seminars Cass became known to the Minister and it was on this basis that she was invited to direct the Social Security Review. Cass had a long-term sympathy with the issues being addressed by the new Minister and, as a longstanding member of the Australian Labor Party, was aware of and sympathetic to the broader philosophical issues held by the Hawke government.

The terms of reference for the Review were broad:

Three major aspects of the social security system are the focus of the review.

- Income support for families with children.

- Social security and the labour force; comprising issues of income support for people of workforce age, and transition to work issues for the unemployed, single parents and people with disabilities.
 - Income support for the aged; the roles of social security and insurance-based income support, particularly superannuation.'
- (Cass 1986, p. 11)

These broad terms for her work allowed Cass considerable flexibility within which to address the issues relating to each theme.

ORGANISATION OF THE REVIEW

Early working arrangements within the Social Policy Division of the Department of Social Security between Cass and the then Division head, David Stanton, were cordial but distant. Cass was not given a formal position within the bureaucratic hierarchy and at first operated with the direct assistance of only two research officers. Her style of management, derived from life in the academic world, was to go direct to the officers most involved with the issue she was working on and to conscript their services. This style caused concern amongst the senior managers who were more comfortable with the conventional, hierarchically-driven communication patterns of the large bureaucracy (personal communication, M. Edwards, 11 January, 1991). When the opportunity came for Stanton to move to another division within the Department, his position was taken by Meredith Edwards, herself an ex-academic, someone more comfortable with Cass' style.

Cass and Edwards developed an effective working relationship and together had good access to Minister Howe. He took a keen interest in the work of the Review and provided strong support over the two years of work. Howe had the task of arguing the case for changes to the direction of the social security system in Cabinet and was well supported by Cass and Edwards in this process. The consultant and the public servant both regarded their working relations as mutually supportive and effective over the long period of this Review.

OPERATING THE REVIEW

The Social Security Review (SSR) produced thirty one background and discussion papers and six issues papers, namely:

Income Support for Families with Children (1986)

Too Old for a Job, Too Young for a Pension? Income Support for Older People out of Work (1986)

Bringing Up Children Alone: Policies for Sole Parents (1987)

Income Support for the Unemployed in Australia: Towards a More Active System (1988)

Towards Enabling Policies: Income Support for People with Disabilities (1988)

Towards a National Retirements Policy (1988)

Cass was assisted by an able group of policy analysts from within the Department of Social Security's Social Policy Division (Meredith Edwards, personal communication). This group of researchers collected the information on which development of the various policy options depended.

Cass made a special point of involving as many other groups in the community as possible in the Review. As the Consultant Director she travelled widely throughout Australia to undertake public consultations on the six discussion papers.

After the Review, Cass acknowledged the difficulties of the role she played as Consultant Director in the Review process:

'To be engaged in a process of social security reform in a period of fiscal restraint (which has characterised Australian social policy since the mid 1970s), and to be concerned with social policies to combat poverty and reduce inequality, is to locate oneself in the interstices of contradiction, while remaining firmly convinced that the fundamental aim of the project is to assist principles of equity, redistribution and social justice to remain on the political agenda, and ultimately to prevail. Secondly, to be engaged in a process of social security reform sitting precariously both 'inside' and 'outside' Government is to take on all the contradictions of the Simmelian 'stranger'; subject to being in but not part of the administrative bureaucracy and outside its patterns of authority, but with an opportunity to have a clarity of purpose, a longer-term view and an autonomy not shared by those bound to the day-to-day constraints of government.' (1989b, p. 135)

This reference to the 'Simmelian 'stranger'' (see Wolff 1950) neatly summarises the role of the consultant in relation to the Minister and the public service since it brings to the fore questions about the impact of the outsider on the group, in terms of both the work of the group and its relations with external constituents.

OUTCOMES OF THE REVIEW

Each of the six reports addressing the key areas of the Social Security Review has been acted on, to varying degrees, by the Government and has resulted in overall major shifts in policy. Edwards' and Leeper's (1989) paper on sustainable social policies towards the year 2000 is cautiously optimistic about the capacity of the system put in place by the Social Security Review to cope with the likely demographic and economic changes:

'The cautious conclusion of the illustrative projections seems to be that over the next 10 years the financing of income support payments at existing real levels appears sustainable and that recent policies that have been set in train are in tune with demographic and economic changes. But there is little room for complacency given the social policy implications of prolonged welfare dependency.' (p. 34)

In an analysis of social policy under the Hawke Government Gibson (1990) identifies four recurrent and interrelated themes, namely;

'the relationship between work and welfare, the emphasis on targeting and selectivity, the relative responsibilities of the state, community and family, and levels of progress towards goals such as adequacy, efficiency and social equity.' (p. 198)

Clearly these themes were cornerstones for the SSR. In respect of the relationship between work and welfare, Cass commented at the end of the Review that 'the fundamental priority in social security reform is to achieve *adequacy*, either through the payment itself or through combinations of paid work and transfer payments' (1989, p. 153). This change in emphasis in the rationale of the social security system was an important outcome of the SSR.

Gibson's (1990) guarded conclusion that 'social security payments in 1989 are more *adequate* than they were in 1983' (p. 200) reflects the difficulty which policy analysts have in comparing social welfare policies in an ever-changing social and economic context rather than any hesitation about the impact of the work of the Social Security Review.

In July 1989 Howe set in train policies to integrate the social security pension and superannuation systems in a national retirement-income policy. A direct result of the last issues paper, *Towards a National Retirement Incomes Policy* (Foster 1988), the policy changes proposed would take place in three main phases:

'measures affecting those receiving the aged pension; policies aimed at increasing coverage of superannuation; and phased-in measures to ensure that superannuation is used as a genuine retirement income rather than dissipated before going on to the pension, and to control "double dipping".' (*Financial Review* 26 June, 1989)

Also at that time Howe outlined two other important changes to be made to the Australian social security system in the period since the first Hawke

government, family allowances and sole parent benefits. These two examples of changes, and many others, were the direct result of the work of the Social Security Review. He asserted that the 'past six years has seen the development in Australia of what is increasingly being recognised as one of the most targetted social security systems in the OECD.' (*The Age* 21 July, 1989). Designed to assist those in most need, targetting of benefits contributed, Howe argued, to a decrease in government spending on social security, down from seven per cent in 1983 to 6.2 per cent in 1988. He also noted that 'while the social security bill has gone down, the level of payments to individuals and to families has increased.' Howe used the system of payments for children to show how the government's targetted approach was working. In 1983 the payment for each child in the family had reached \$20 per fortnight. In 1989 for each child under 12 years old in a low income family was eligible for up to \$68 per fortnight. Additionally, the payment for children aged 13 through 15 and 16 through 17 for low income families was \$86.20 and \$107.10 respectively (*The Age* 21 July, 1989). The direction guiding these initiatives was expressed in the first issues paper, *Income Support for Families with Children* (Cass 1986b).

The benefits to sole parents were also restructured to assist unemployed mothers, many of whom were sole parents, to re-enter the workforce and not lose income previously received under unemployment benefits. Howe argued that sole parents did not previously have a lot of options: 'they could go on the pension and they and their children could get by as best as they could. They had little opportunity to get back to work - who would mind their children? - and even if they were keen to embark on training or education they often found they had low priority in the training queue.'. The government's subsequent strategy of restructuring income tests and tax arrangements, ensuring provision of affordable, quality child care and

establishing the Child Support Scheme to enforce maintenance collection led to an increase in the proportion of sole parents in the workforce, from 39 per cent in 1983 to 52 per cent in 1989 (*The Age* 21 July, 1989).

Howe was also to introduce into Parliament new measures to assist the disabled take a greater role in society through initiatives to enable them to undertake limited employment without losing their benefits. He established policies leading to better delivery of services for the disabled and measures to try to break the cycle in which a low level of disability was compounded by other problems facing the disabled (*The Age*, 20 November 1989).

Hyman (1990) in a study of the New Zealand Royal Commission on Social Policy, which commenced after and reported before the Australian Social Security Review, noted that 'the economic, demographic and social climate for the two reviews was fairly similar.' (p. 53) yet the approaches were considerably different. The terms of reference of the New Zealand Royal Commission were broader than those of the Social Security Review. The New Zealand inquiry was to

'... inquire into the extent to which existing instruments of policy meet the needs of New Zealanders, and report on what fundamental or significant reformation or changes are necessary or desirable in existing policies, administration, institutions or systems to secure a more fair, humanitarian, consistent, efficient and economical social policy which will meet the changed and changing needs of this country and achieve a more just society.' (Hyman 1990, p. 52)

Hyman noted that 'by contrast the Social Security Review was focussed specifically on income support for families with children, social security and workforce issues, and income support for the aged.' (1990, p. 52). The longer time frame, more specific focus and more organised research contributed to 'greater coherence' of the Australian Review. Equally, the New Zealand Royal Commission attempted to examine the complete range of factors contributing to social policy, including factors such as housing, justice and transport. Factors such as these were excluded from the Social Security Review and possibly limited the effectiveness of the Australian experience.

Hyman suggests that, while the research input into the New Zealand Royal Commission was impressive, 'through the secretariat and *consultants*' (my emphasis), the absence of a succinct set of recommendations can, in part, be a reflection of the relatively 'less published statistical backup to the analysis than is the case with the Review.' (1990, p. 52) She concluded, however, 'that the Australian review will have more impact on policy than the New Zealand one, even if partly because family assistance increases, for example, were even more urgent there.' (Hyman 1990, p. 63).

In terms of change in the social security system in Australia Saunders and Whiteford (1991) noted that 'the speed and scope of policy reforms accelerated markedly with the appointment of Brian Howe as Minister for Social Security in 1985 and the establishment of the Social Security Review, whose reports have been the driving force behind the reforms of recent years' (p. 1). The role of the Minister in the Review was seen as a crucial ingredient to its success; 'The combination of an energetic reformist Minister and a climate of fiscal constraint has meant that difficult policy choices have had to be confronted within the social security budget.' (Saunders and Whiteford 1991, p. 1).

SUMMARY

In a collection of essays recognising the work of Hugh Stretton (Orchard and Dare 1989) published after the Review, Cass noted that Stretton's answer to the attack on the welfare state was a 'political counter-attack'. She says that it is

'... a defence of the welfare state based on new approaches to old welfare dilemmas, and a radical incomes policy. In short he proposed an integrated employment, incomes and welfare strategy, involving strong government intervention to provide full employment; an incomes and social security policy which recognised as fully legitimate and deserving of support the positions of people caring for children, or unemployed, disabled and old and thus excluded from paid work; and an incomes policy which regulated the dispersion of earnings for the employed; a much greater improvement in poor people's access to public and private housing; much better provision of childcare services and urban amenities; urban design which facilitated social activity rather than restricting it.' (Cass 1989, pp. 134 - 135)

This statement, made after the Cass Review, clearly included housing, which is an important aspect related to social welfare that was not included in Cass's terms of reference. This aspect was later taken up, in part, by the review of housing by Dick Persson, which is the subject of chapter six, and more broadly by the National Housing Strategy in 1991. The Cass review, however, was not linked to Persson's review of Housing.

SUMMARY

As measured by the four dimensions of the policy consulting framework outlined in Chapter Four, the Social Security Review was organised in such a way as to have every opportunity to provide a positive outcome for government and other key stakeholders in this policy field. The terms of reference were broad in that they simply specified the areas of the social security portfolio to be reviewed while not saying anything about how this would occur, leaving freedom to the consultant.

High quality analysis characterised the SSR. Cass had the benefit of working with the Social Policy Division within the Department of Social Security, a group of social policy researchers well regarded for their high level of competence in the field. Cass was also well connected to social policy researchers outside of the Department of Social Security which was also an important source of information for her review.

Key stakeholders, largely via their representative organisations, were consulted throughout every stage of the review. This was done through published reports and working papers as well as in face-to-face meetings with representative organisations. Many of these organisations also made extensive written submission to the SSR.

Through the SSR Cass recommended significant changes to Australia's social security system. The most obvious changes were the targetting of welfare to those most in need and a shift in policy direction to assist people who were able to work but who could not find a job, with training and skills development programs to give them more opportunities in the labour market. These broad changes were introduced into the social security system in a systematic and efficient manner while Cass still headed the review.

CHAPTER SIX: HOUSING PROVISION FOR THE LONG TERM

The Social Security review stands out amongst other major reviews of Australian public policy in the mid-to-late 1980s as a model for policy reviews because of the comprehensiveness of its analysis which allowed the Department to move into implementation in an efficient and systematic manner. Subsequent reviews of other policy areas adopted a similar structure to that of the Social Security Review (see National Health Strategy 1991 and The National Housing Strategy Papers 1991), thus acknowledging the success of the approach adopted by the Review.

Housing is a distributive policy, which Ripley defines as a policy designed to promote by means of subsidy, private activities that are alleged by supporters to be desirable but which would not be undertaken without the subsidy (Paris 1990, p. 278). The political tensions relating to the mechanisms of that distribution were brought to a head in the mid-1980s through high interest rates and a corresponding increase in rent costs. This meant increased pressure on the Commonwealth's major housing distribution policies, the Commonwealth State Housing Agreement (CSHA) and the First Home Owner's Scheme (FHOS).

As Milligan and Persson have noted, by the late 1980s 'the major structural changes in the Australian economy were having a significant impact on housing conditions' (1989, p. 184) and there was a pressing need to consider this impact. The National Housing Policy Review took as its focus the effectiveness of the long-standing approaches of providing housing assistance through the CSHA and the FHOS. The particular focus was to be

CHAPTER SIX: HOUSING PROVISION FOR THE LONG TERM: REORGANISING FEDERAL-STATE RESPONSIBILITIES

THE CONTEXT OF THE REVIEW

Housing has always been an important part of Australian public policy as the quest for home ownership is part of the great Australian dream. Paris (1990) notes that housing policy in Australia 'is a curious mix of stability and controversy'. This is because, while housing policy has remained largely unchanged across different Labor and conservative governments, including from Fraser to Hawke, policy in the field remains controversial because of the complexities of intergovernmental relations and the impact of macroeconomic policies.

Housing is a distributive policy, which Ripley defines as a policy designed to promote by means of subsidy, private activities that are alleged by supporters to be desirable but which would not be undertaken without the subsidy (Paris 1990, p. 298). The political tensions relating to the mechanisms of that distribution were brought to a head in the mid-1980s through high interest rates and a corresponding increase in rent costs. This meant increased pressure on the Commonwealth's major housing distribution policies, the Commonwealth State Housing Agreement (CSHA) and the First Home Owner's Scheme (FHOS).

As Milligan and Persson have noted, by the late 1980s 'the major structural changes in the Australian economy were having a significant impact on housing conditions' (1989, p. 184) and there was a pressing need to consider this impact. The National Housing Policy Review took as its focus the effectiveness of the long-standing approaches of providing housing assistance through the CSHA and the FHOS. The particular focus was to be

on the provision of public housing despite the fact that public housing in Australia caters for only a small minority. Milligan and Persson also confirmed that the Commonwealth Department of Community Services and Health (CSH) established the National Housing Policy Review in 1988 as a result of the recognition by the Minister for Housing and Aged Care 'that there was heightened community debate about the effectiveness of the long standing approaches to providing housing assistance represented by the programs of the CSHA and FHOS' (1989 p.1).

The major structural changes referred to are those involved in the deregulation of Australia's financial system, including the floating of the Australian dollar. Combined with a heightened inflationary period, which resulted in a high cost of borrowings by the States to finance the CSHA and the FHOS, these changes were to have an impact on the balance between a long term strategy of providing an appropriate supply of public housing stock and the short term strategy of providing various forms of rent relief.

The 1980s was seen by housing commentators as

'... the decade in which the Australian housing system lurched from one crisis to another....the shortage of low income private rental housing, the growing ranks of the homeless, escalating public housing waiting lists, and, more recently, the decreasing affordability of home ownership arising from record increases in real house prices in conjunction with record levels of real home mortgage interest rates.' (Hayward 1989, p. 179)

As Paris notes, 'much public debate about housing policy and priorities is about issue definition' (1990, p. 301) rather than substance. 'Housing' means

different things to different interest groups, he says. For example when analysts refer to housing

'... they can do so in terms of the physical characteristics of dwellings (architects); the legal relationships involved in tenure (lawyers); the economic or even labour relations in the house building and related industries (economists); as the setting for social interaction (sociologists); or as the arena for political debates and policies over one or many of the definitions (political scientists).' (Paris 1990, pp. 301 - 302)

This problem of issues definition is apparent in the Real Estate Institute's response to the housing policy debate at the time of the Review. In an Institute 'Professional Series' paper on the relative desirability of policies for public housing or rental assistance, McGuinness (1989) asserted that in matters of housing:

'there is a tendency for many of the remedies put forward to be expressions of aspirations rather than workable or practical solutions ... It simply is not very useful to advance policy prescriptions which embody notions of "class struggle", or postulate some revolutionary transformation of the social or economic system as the prerequisite of improvement.' (p. 5)

He then goes on to criticise remarks from a workshop on housing run by the Social Welfare Research Centre at the University of NSW as 'a mixture of relevant complexities and irrelevant propaganda, which contributes nothing practical to the solution of any problem.' (McGuinness 1989, p. 5). It was the divergence in opinion among groups with vested interests as to

how Federal-State arrangements in regard to public housing provision should change as a result of the changing market demand for such housing that gave rise to the Persson Review.

Taxation policy also had an impact on housing policy in the 1980s. Most important were tax policies on owner-occupiers' exemption from capital gains tax and negative gearing on investment properties. Paris notes that

'... the privileged taxation treatment of investment in the family home is of greatest benefit to those people with the most valuable homes. They are encouraged to maximise investment in their housing as a form of tax shelter rather than to consume housing which may have been chosen in the absence of preferential tax treatment.' (1990, p. 306)

While housing policies are generally directed at low-income earners, the effect of the owner-occupiers' tax exemption on the ability of middle class families to own and invest in a more expensive housing market also has an impact on the availability of private rental accommodation.

The impact of the reintroduction of negative gearing in 1987, only two years after it was abolished, also had a significant impact on the private rental market in the twelve months prior to the announcement of the Review. House prices in a number of Australian cities spiralled through 1988 and were, in part, attributable to this change in taxation policy (Paris 1990).

Paris also points out in his review of Australian housing policy that income support 'has been central to the recent political history of Australian public housing.' (1990, p. 312). This income support has been by way of rental relief

'to the extent of the difference between 20 per cent of their income and the rent.' (Paris 1990, p. 312). He indicates that in the late 1980s 60-70 per cent of public tenants had rents greater than their income and that the funds for this income support come out of the CSHA. It is little wonder that by the close of the decade the 1984 CSHA had become unworkable, as the large budget deficits faced by all state and territory housing authorities revealed (see Table 6.1).

The importance of these deficits in state public housing budgets on the Federal Government's policy became apparent, as Paris observed, when the ALP Opposition promise on housing in 1982 to double the share of public rental housing over a ten year period had not been fulfilled. 'By way of contrast, on the basis of trends and fiscal allocations between 1983 and 1987, if Labor were to be in office for 10 years, then the public sector would not double but would grow from 6 to just under 7 per cent of total housing stock.' (Paris 1990, p. 312).

The December 1989 issue of *Urban and Policy Research* contrasts several articles that highlight increasing structural instability in the general Australian housing market and the subsequent impact on public housing policy issues. In that issue, Hayward noted that

'During the 1950s and '60s cycles in housing output typically lasted approximately three to four years, and rarely did the annual fluctuation in output exceed twelve percent. Since the mid-1970s, and particularly during the 1980s, however, the cycles have become much shorter - typically lasting eighteen months to two years - and much more pronounced, with massive fifteen to twenty percent increases in

Table 6.1: State Housing Authority Income and Expenditure for 1987/88 (Staples 1989 p. 33)

State or Territory	NSW	VIC	QLD	WA	SA	TAS	NT
DWELLINGS							
As at June 1988	111,467	56,867	27,246	32,248	60,655	13,335	9,707
Average for 87/88	109,775	55,384	26,372	31,954	59,770	13,198	9,249
INCOME	\$M \$/unit/pa	\$M \$/unit/pa	\$M \$/unit/pa	\$M \$/unit/pa	\$M \$/unit/pa	\$M \$/unit/pa	\$M \$/unit/pa
Rent Collected	285.8 2603	133.2 2405	59.3 2249	65.1 2037	135.7 2270	30.5 2311	33.1 3579
EXPENDITURE							
Admin & Misc.	65.9 600	47.3 854	6.9 261	18.3 573	30.5 510	7.4 561	2.0 216
Rates	74.8 681	27.9 504	16.2 614	19.2 601	33.2 555	9.5 720	7.2 778
Maintenance	65.1 593	62.0 1120	25.2 956	26.0 814	43.4 726	9.5 720	8.8 951
Total Expenditure	205.8 1874	137.2 2478	48.3 1831	63.5 1988	107.1 1791	26.4 2001	18.0 1946
Surplus /(Deficit)	80.8 729	(4.0) (73)	11.0 418	1.6 49	28.6 479	4.1 318	15.1 1633
Interest Payments	94.2	43.7	8.6	17.9	52.0	15.8	23.4
Principal Repay.	45.2	15.6	3.2	4.1	9.9	3.2	12.2*
SURP/(DEF)	(59.4) (541)	(63.3) (1143)	(0.8) (30)	(20.4) (638)	(33.3) (557)	(14.9) (1129)	(20.5) (2216)

Notes: 1. Income and Expenditure per unit based on average stock levels for the year ended 30 June 1988; (2) Numerical discrepancies due to rounding; (3) Figures in parentheses are losses; (4) Source: CSHA Annual Reports; (5) *Interest and principal (NT only).

was output rather quickly being followed by equally massive declines.'
(1989 p. 179)

The instability in the Australian housing market became a political issue in the late 1980s as both State and the Federal Governments attempted to continue to provide an adequate level of public housing while at the same time providing rent rebate relief for the disadvantaged.

In his editorial to the July 1989 issue of *Shelter - National Housing Action*, Eastgate notes that

'... we are still faced with the the fact that neither the Commonwealth nor the States have co-ordinated housing policies. Instead, housing policy consists of a series of ad hoc decisions made by different Ministers and Departments, for different and often incompatible reasons. Without a change in this situation there is little hope of any major inroads being made into the prevalence of housing-related poverty.' (1989 p. 3)

Housing policy is a political issue as much as a result of the intergovernmental aspects as the substantive funding and program provision issues. The fact that the CSHA is an arrangement between the States and the Commonwealth, in which each party has varying political philosophies and programs that impact on housing policy, means that it will always be a political issue, contentious with opposing political forces.

The issue of the accepted balance between Commonwealth funding for new public housing versus rental relief, given the increasing pressures on public housing assistance at a time of high interests rates and growing demand,

was the focus of the review of the Commonwealth State Housing agreement under the National Housing Review to be conducted by the consultant, Dick Persson.

They were as follows:

THE CONSULTANT

In June 1988, the Minister for Housing and Aged Care, Peter Staples established the National Housing Policy Review 'to assess the performance of the housing assistance programs within his portfolio and to develop strategies for improving the effectiveness of these programs' (Milligan & Persson 1989 p. 183).

The Review was headed by the former Deputy Head of the NSW Housing Department, Mr Dick Persson, who had been hired as a consultant (see, for example, *Sydney Morning Herald*, 26 July, 1988 p.1). Mr Persson was assisted by a small group of senior officers from the Department of Community Services and Health and by external consultants who were to prepare reports on key aspects of the Review, namely;

- Housing Allowances in the Australian Context (Econsult 1989)
- Home Ownership (Yates 1989)
- Opportunities for Initiatives to Stimulate the Provision of Private Rental Accommodation (Macquarie Bank 1989)
- Financing Public Housing (Flood 1989)
- Home Purchase Assistance (Yates & Flood 1989)

- Shared Ownership (Yates 1989)

The terms of reference for the Review were both wide ranging and specific. They were as follows:

The purpose of the Review is to develop and explore options for the direction of Commonwealth Housing Policy.

1. The Review will assess the adequacy of current programs and policies in achieving the Government's objectives in housing, particularly the alleviation of housing related poverty and the attainment of secure, affordable and appropriate housing by all Australians. It will also address the effectiveness of current policies and programs in meeting the housing needs of traditionally disadvantaged population groups, particularly Aboriginals, older people, youth, people with disabilities, low income families with children and people from non-English speaking backgrounds.

2. The Review will identify strategies (and a planning framework to achieve them) to improve the access to adequate and secure housing as part of the Government's social justice commitment.

3. In making its assessments and recommending strategies, the Review will focus on the role of the Department of Community Services Health and Housing's assistance programs, particularly CSHA and FHOS, in the context of the

range of housing assistance measures. The Review will also address:

- (a) The identification of barriers to access to home ownership by low and moderate income earners and first home buyers.
- (b) The ability of low and moderate income earners to secure affordable private rental housing.
- (c) Arrangements for linking housing programs and support service programs for people requiring assistance to live independently in the community.
- (d) Alternative approaches to the financing and management of housing including:
 - joint ventures between public and private sectors
 - housing co-operatives and community managed housing
 - the role of local government in the provision of housing assistance
- (e) The impact of State and Local Government policies on the affordability of housing.

The Review will be timetabled over a twelve (12) month period and will be assisted by a Departmental Liaison Committee.'

(National Housing Policy Review, Terms of Reference 1988).

Having been Deputy Director of the New South Wales Housing Department under Minister Frank Walker, a prominent member of Labor's Left faction, Persson was well acquainted with the issues of public housing.

When Nick Greiner's conservative Government came to power, Persson, with his strong Labor connections, left the employ of the New South Wales government. With a strong interest and successful track record in State public housing, Persson was an obvious candidate to be selected as the consultant to head the National Housing Review in June 1988. In addition, he was well respected by the heads of the other State housing authorities (personal communication, Paul Edwards, Head of the SA Housing Trust at the time of Persson's consultancy).

CONDUCTING THE REVIEW

The Review commenced at a time when there was considerable public discussion, involving Treasurer Keating, about the impact of the Government's economic policy on the level of interest rates and hence on the housing market. Keating asserted at that time that there would be a "demonstrable" fall in the underlying inflation rate by the December quarter [which] would provide scope for interest rates to fall.' (*The Australian*, 27 July, 1988). Criticism of the Review by National Shelter focussed on the fact that it did not include taxation policy in its terms of reference, especially as the Capital Gains Tax Owner-Occupied Exemption (CGTOOE) has a significant impact on the supply of rental housing (see Porter 1989 p. 5) as discussed above.

A number of vested interest groups sought to influence the outcome of the Review and were consulted by Persson and the Review team. There were many different views on the role government should play in the provision of housing. The real estate lobby was concerned about the capacity of low-income earners to pay back in a period of high interest mortgage rates; welfare groups were concerned about the availability of housing--private or public--for low-income earners; state governments were facing growing

levels of debt because of the high cost of money; and the Commonwealth was concerned about the capacity of the existing system to continue contributing to the stock of public housing.

Persson saw his role as coordinating the Review. The basic research into the changing nature of Australian housing was carried out principally through a number of sub-consultancies, primarily concerned with projections surrounding the nature of public housing in Australia. Persson spent a considerable amount of time meeting with individual politicians from all sides of politics to discuss with them the options surrounding long term investment in the public housing stock rather than short term rental rebate relief.

The Real Estate Institute of Australia led a campaign advocating subsidies to households, not housing, and suggested that these subsidies should be determined and paid through income-tested rental assistance (McGuinness 1989). The issues, however, were more complex than presented in this superficial view from the Institute.

The group most active in responding to the work of the Review was National Shelter, a peak organisation acting at state and national levels to focus the voices of community groups and other consumers of housing on major policy issues. Shelter was to argue that an appropriate level of public housing must be maintained as there would always be a demand for it, but did not specify what the level of provision should be.

Both the state and Commonwealth governments, of opposing political factions, were concerned about both the overall organisation of Federal and State responsibilities for public housing, as these have a direct effect on the

level of housing provided by the private rental market, and the actual amount paid by each government as the CSHA involved a considerable commitment from their respective treasuries.

The Commonwealth-State issues were especially complex. Particularly important in the CSHA was the perennial intergovernmental issue of the Commonwealth funding of State programs, with the latter feeling compromised as they alone had to encounter high interest rates and the adverse impact of these on their ability to match grants from borrowings. This major issue in Federal versus State responsibilities was to permeate the wider political discussion over the work of the Review.

As Table 6.1 above shows, the State housing authorities had committed themselves to larger borrowings in the 1970s and 1980s than in previous periods and in the late 1980s were subject to high interest rates to meet these borrowings. If the Commonwealth had not been prepared to review the CSHA in the light of this problem it was doubtful that the arrangement as it existed then could have been successfully maintained. Table 6.1 also shows the States were carrying substantial debts in relation to the overall expenditure on the program nationally.

In an interview with *Shelter - National Housing Action*, in 1989 the Minister responsible for Housing, Peter Staples, summarised the issue as he saw it, saying that 'when you look at the real figures, you see how the States' commercial borrowings, as well as the borrowings they have been required to pay back to the Loans Council, have basically led to the decline of public housing. This would have eventually led to further pressures, probably pressures that couldn't be overcome, to introduce a housing allowance'. The sustained increase in the cost of borrowings throughout the mid-to-late-

1980s could have had an irreversible impact on the CSHA and the FHOS had Staples not intervened, using the Review to seek independent advice. Staples especially did not want to see a high amount of Commonwealth money going towards income support at the expense of adding to the public housing stock.

It is also important to note that the strategy which Minister Staples was ultimately to advocate – emphasis on maintaining the stock of public housing rather than the provision of income support, including increases to housing allowances – was contrary to the trend toward privatisation of services more common in Federal Labor policies throughout the 1980s. Persson was, in this respect, highly effective in the quiet process of consultation that he adopted.

A FEDERAL APPROACH TO PUBLIC HOUSING

It is important to see the outcomes of the Review in both substantive and process terms. The substantive outcomes of the Review were summarised by Milligan and Persson in an article in *Urban Policy and Research* in December, 1989. They found that 'the principal contributors to the deterioration in housing condition' were

'the failure of state and local government to ensure an adequate supply of zoned residential land high interest rates and rapidly increasing house prices an inadequate and declining supply of lower priced private rental housing particularly in Sydney and Melbourne the diminishing viability of the financing arrangements for public rental housing a serious shortage of appropriate accommodation and support services necessary for independent living by the aged and the disabled.' (p. 184)

Milligan and Persson adopted the views of Kendig and Paris (1987) who in 1987 had proposed four major priorities for Commonwealth housing assistance:

'... to ensure low income households have access to either home ownership or public housing to alleviate poverty among private tenants to ensure the effective integration of accommodation and support services for the elderly, people with disabilities, and people in personal crisis to obtain housing justice for Aboriginal and Islander communities.' (Milligan and Persson 1989, p. 185).

These priorities gave direction to the Review which proposed significant changes to policies and programs applying to each of three major housing tenures—public housing, home ownership and private rental housing.

The public housing tenure issue received the most discussion by Milligan and Persson who asserted that 'the Review established that public housing was very effective in providing secure housing and in lifting households out of poverty' (1989, p. 185). They stated that the major problem with the provision of public housing was the way in which it was financed. The build-up of debt by the States through their use of '... expensive commercial borrowings to match non-repayable, interest free grant funds being provided by the Commonwealth' (1989, p. 185) was critical. The extent of the debt problem is seen when, with a dollar for dollar scheme, the States had only contributed \$200 million in grants to match the Commonwealth's \$2500 million with the remainder as loans to the States at commercial interest rates. The arrangement was further complicated by the inability of very low income tenants to pay the rate sufficient for the housing

authorities to cover administration and maintenance costs as well as interest and principal repayments. As a result of the Review, the Commonwealth therefore proposed the following financing arrangements for public housing in the new CSHA:

- The exclusion of State borrowings for matching purposes. States will be required to match Commonwealth grant funds with state grants on a \$2 for \$1 basis by 1992/3;
- The provision of all Commonwealth funding as non-repayable interest free grants;
- An increase in the level of Commonwealth grant funding. The Commonwealth has abolished the provision for States to nominate Loan Council borrowings for public housing at a concessional interest rate of 4.5 percent and has increased the grant funding provided under the Agreement by \$310 million to \$1010 million. The increase in grants is equal to the amount of Loan Council borrowings nominated by the states in 1988/89 for public housing;
- A better distribution of funds according to need. Loan Council funds were not distributed on a per capita basis and therefore favoured the smaller States. The additional grant funds included in the agreement will be progressively distributed on a per capita basis. Full per capita funding will be achieved by 1992/3;
- The requirement that at least 85 percent of annual untied Commonwealth grant funds and State matching grant funds be used

for public rental housing. Previously only half of these funds were directed to public housing by the Commonwealth;

- A 25 percent limit being placed on the proportion of annual grant funds which can be used to finance recurrent expenditure (e.g. rental subsidies);
- The requirement that State debt no longer be repatriated from annual funds provided under the Agreement.' (Milligan and Persson 1989, p. 185)

Clearly these changes, accepted by all the States, were more than generous in relieving the States of the heavy financial burden they had acquired. Importantly, their acceptance ensured continuing commitment to add to the stock of public housing. This was seen by Persson as the most significant outcome of the Review (personal communication, Persson, December 1991).

As for home ownership, the Review recommended increasing the supply of appropriately zoned land to constrain house price inflation along with negotiating with the banks to fulfill the commitments they made before deregulation to offer low start loans to low income earners (Milligan and Persson 1989).

To assist the private rental market the Commonwealth offered assistance to the States to establish 'Rental Property Trusts' to encourage smaller investors into this section of the market. Research done by the Macquarie Bank (1989) as part of the Review revealed that in response to the reintroduction of negative gearing much of the investment had been in the most expensive properties (Milligan and Persson 1989).

Milligan and Persson (1989) concluded that:

'The broad strategy developed by the Housing Review was to improve housing affordability in all tenures by increasing land supply, stimulating investment in lower-priced private rental housing, extending access to home lending through additional public and private sector effort, and re-organising public housing financing mechanisms in order to reduce the debt burden on state housing authorities.' (p. 186)

SUMMARY

In comparison with the processes of the other reviews reported in this thesis the National Housing Review was done with remarkably little publicity. This seems to have been the result of the relatively low political profile of the issue and the quietly competent way in which Persson worked. Persson and his team of consultants and departmental staff undertook the Review systematically, covering both the analytical and the political work in an effective manner (personal communication, Wensing-departmental officer attached to the Review). Persson relied heavily on his professional staff, in particular on Vivienne Milligan, a housing policy analyst of high reputation who had also worked for Persson in the New South Wales Department, and the sub-consultants employed for particular pieces of research as listed above. Persson spent much time in Parliament House discussing with the members from both the Government and the Opposition the findings from this research in reviewing what was to be a major commitment by the Commonwealth to housing via arrangements with the States.

In terms of our policy consulting framework the Persson review was also well placed to successfully manage the issues surrounding Commonwealth-State relations in the area of public housing. The scope of the Review's terms of reference was sufficiently broad to give Persson and his team the ability to recommend innovative strategies for change in this field. As the purpose of the Review was to 'develop and explore options for the direction of Commonwealth Housing policy' the terms of reference offered little constraint.

The quality of the analysis into Australian housing sponsored by the Persson review was a highlight of his team's work. Engaging a number of specialists to undertake sub-consultancies on aspects of public housing was indeed a most successful strategy. The Econsult (1989) background paper on housing allowances was, for example, a key document in convincing government to continue with the long-term strategy of investing in public housing stock. By using a variety of advisers, ranging from commercial consultants, CSIRO researchers and the Commonwealth Department of Community Services Health and Housing (although to a lesser degree than other cases covered in this thesis), Persson ensured that the bases for the choices before policy-makers were clear.

Key stakeholders in this Review were the State housing authorities and welfare groups such as ACOSS and National Shelter. Having been a key player in the NSW State Housing Department and being held in high regard by his peers in the other States, Persson had the confidence of peers in undertaking the Review. He also ensured that, through numerous discussion papers, meetings with State housing authorities and interest groups and meetings with individual Members of Parliament, the choice

between rental assistance subsidies over continuing with the development of public housing stock was clear in the minds of decision-makers.

While the basic Commonwealth-State relationship, in terms of the provision of public housing, did not alter greatly as a result of the Persson review the mechanisms proposed for their work were innovative. Persson's recommendations ensured that the States did not overcommit themselves in terms of the borrowings they had to make to match the Commonwealth's contribution to public housing. In effect, the States agreed to not seek Loan Council approval for public housing loans in lieu of direct grants from the Commonwealth. The Commonwealth requirement was that funds would no longer be distributed on a per capita basis but a needs basis and that the States use at least eighty five percent of Commonwealth grant funds for public housing instead of the previous fifty percent.

The Persson Review was, however, not the end of the story of housing policy reform in the last decade. It was followed in 1991 by the National Housing Strategy. This had much broader terms of reference, notably 'to develop a program of housing policy reform as part of a sustainable national housing strategy taking into account the broader economic and social goals, as well as the changing needs of individuals over their life cycle ...' (National Housing Strategy 1991). The National Housing Policy Review, however, was a narrow but important precursor to the broader strategy consideration, making the task easier because the ground-work of reorganising long term strategies for Federal and State responsibilities in public housing had been done. Moreover, the Persson Review led to a commitment by both the Federal and State Governments to provide public housing for those not able to achieve home ownership. Through consultation, analysis and discussion Persson was able to use the policy

review process to achieve an outcome that assisted those genuinely in need as well as meeting the policy agenda of the Federal Government. Provision of public housing stock was to continue via the work of the State housing authorities, but in such a way that more competent financial planning and management occurred in this major area of government expenditure.

development since European settlement began in 1788. Australia's prosperity since the Second World War has owed much to an extensive and continuing immigration program, initially from the British Isles and the Mediterranean states and, over the last two decades, more globally (Parkin and Hardcastle 1990). As Table 7.1 shows, between 1950 and 1985 immigration contributed 39.9% of Australia's population growth. The contribution was greatest in the half decades 1950-55, 1965-70 and 1980-85 (see Australian Chamber of Manufactures 1988).

Table 7.1: Contribution of Immigration to Population Growth (Ratio of Net Migration to Net Natural Increase) (Australian Chamber of Manufactures 1988, p. 3)

	Average Annual Rate of Population Growth	Due to Net Immigration	Due to Net Natural Increase
1950-55	2.8	46.8	33.2
1955-60	2.3	39.0	61.0
1960-65	2.0	33.8	66.2
1965-70	1.9	44.0	56.0
1970-75	1.8	37.8	62.2
1975-80	1.1	28.7	71.3
1980-85	1.4	41.6	58.4
1950-85	1.8	39.9	60.1

Source: Norton and Kennedy, RBA Occasional Paper 8A.

As Parkin and Hardcastle (1990) note, 'public controversy over the content and direction of the policy has waxed and waned over the period.' (p. 315).

CHAPTER SEVEN: CONTINUING DILEMMAS OF AUSTRALIAN MIGRATION

IMMIGRATION AS A NATIONAL ISSUE

Immigration policy has been crucial for Australia's economic and social development since European settlement began in 1788. Australia's prosperity since the Second World War has owed much to an extensive and continuing immigration program, initially from the British Isles and the Mediterranean states and, over the last two decades, more globally (Parkin and Hardcastle 1990). As Table 7.1 shows, between 1950 and 1985 immigration contributed 39.9% of Australia's population growth. The contribution was greatest in the half decades 1950-55, 1965-70 and 1980-85 (see Australian Chamber of Manufactures 1988).

Table 7.1: Contribution of Immigration to Population Growth (Ratio of Net Migration to Net Natural Increase) (Australian Chamber of Manufactures 1988, p. 3)

	Average Annual Rate of Population Growth	Due to Net Immigration	Due to Net Natural Increase
1950-55	2.6	46.8	53.2
1955-60	2.3	39.0	61.0
1960-65	2.0	33.8	66.2
1965-70	1.9	44.0	56.0
1970-75	1.8	37.8	62.2
1975-80	1.1	28.7	71.3
1980-85	1.4	41.6	58.4
1950-85	1.8	39.9	60.1

Source: Norton and Kennedy, RBA Occasional Paper 8A.

As Parkin and Hardcastle (1990) note, 'public controversy over the content and direction of the policy has waxed and waned over the period.' (p. 315).

While there have been periods of bipartisan agreement on immigration matters, throughout the 1980s there was also considerable political debate regarding the nature and size of Australia's immigration program. This debate became louder as economic difficulties increasingly occupied the minds of politicians. As the pressure for continued migration came from some employer groups and a now well represented migrant vote this debate was no surprise to observers of Australia's immigration program. They noted that the size of the ethnic vote in Australia was now substantial and can have a significant impact at the polls (Jupp 1984).

Parkin and Hardcastle (1990) concluded that the major demands and dilemmas in immigration policy over this period concerned the relative weights to be allocated to economic need, to ethnic minority communities and family reunion, to cultural diversity, to refugees and to general public opinion, and to the discarded goals of defence, under the slogan of 'populate or perish', and to demography (where immigration was to ensure a steady population growth) in assessing applications for entry into Australia.

The issue of Asian migration in particular gained prominence in the late 1980s, as did discussion of a 'better' or different balance between family reunion obligations and labour market requirements as criteria for immigration became more intense. The increased tension in the immigration debate at that time was matched by an equally turbulent time in political leadership in the debate. During the the first three terms of the Hawke governments Ministers of Immigration and Ethnic Affairs changed more frequently than their colleagues in other portfolios. Stewart West was the first Minister up to the December 1984 election; Chris Hurford followed until the July 1987 election; Mick Young took over in February 1987; Clyde Holding was appointed on Young's retirement in March 1988; and Robert

Ray was next as Holding lost the portfolio as a result of a Cabinet reshuffle. Through a combination of factors, notably immigration's relative junior status in the government hierarchy, a rapid turnover of ministers, a conflict in view as between economically oriented immigration policies and family reunion oriented policies, and an effective vocal ethnic community, immigration was to be a volatile area of public policy over the 1980s. These changes occurred within the context of greater economic challenge as described in the first Part of this thesis, notably an increasing level of foreign debt, declining real wage growth and increasing unemployment (see Chapter Three and Stilwell 1991).

The changes of Minister for Immigration over the first five years of Labor in power did not assist community debate over immigration concerns. The shifting of the factional balance as different Ministers were chosen inevitably led to changes in the nature of the immigration debate. The first minister under the new Hawke Labor government was Stewart West, an ex-union official and the only member of the Left in the Cabinet. West was preoccupied with the displacement of Australian workers by immigration and tightened up on the 'skilled worker' category while allowing 'family reunions' to continue at their current levels to appease the ethnic vote (personal communication, Havas, Departmental officer who was a member of the secretariat for the CAAIP). The bipartisan commitment to immigration started to fail in these early days of the first Hawke government as the shadow spokesman on immigration, Michael Hodgman, became more critical about this policy shift. The early part of 1984 also saw noted Australian historian Geoffrey Blainey make his strong remarks against Asian immigration which Hodgman picked up on as did the media. In mid-1984 West again changed the balance between immigration categories, this time to allow for greater numbers of skilled

workers, at the expense of family reunion immigrants, a move which was to gain support from the Opposition (Parkin and Hardcastle 1990).

After the ALP won the 1984 election the new Minister for Immigration was Chris Hurford, a member of the Right wing Labor Unity faction. He continued West's emphasis on skilled workers on the basis that it would assist the Australian economy reverse its deteriorating terms of trade. Hurford took the recommendations from the Committee for the Economic Development of Australia report that immigration 'generally produced positive economic benefits' (Parkin and Hardcastle 1990, p. 320) as the basis for 'arguing strongly for both an increased immigrant intake and a sharper economic focus' (Parkin and Hardcastle 1990, p. 320). Hurford wanted to return immigration back to more traditional post-war levels. He was 'successful in increasing the number of settlers from 82,000 in 1985 to over 100,000 in 1986 and nearly 130,000 in 1987. This, at a time of economic uncertainty, was a major break from Labor tradition.' (Parkin and Hardcastle 1990, p. 321). In his book based on the Commonwealth Department of Immigration and Ethnic Affairs research project into the demographic trends arising out of the 1981 Census of Population and Housing, Hugo provides information from the Australian Council on Population and Ethnic Affairs in 1982 that shows an increase in family migration from 29% of actual intake in 1982 to projections of 55.3% in 1985 (1986, p. 89). In concert with Hurford's desire for an increase in the skilled labour and business migration categories these predictions presented significant challenges to the government.

The increased emphasis on increasing the numbers of skilled worker immigrants at a time of economic uncertainty led the unions to argue that 'a system of Negotiated Agreements involving all relevant parties - unions

employers and government - be established' (ACTU 1988, p. 12) to determine the level of acceptable skilled migration. The 1986 Budget reduced funding for many services to migrants, such as English language training, proposed the merger of the SBS with the ABC and suggested the abolition of the Institute of Multicultural Affairs. Minister Hurford came under increasing criticism for these measures just at a time when the government was preparing for an election. Early in 1987 Hurford was replaced by Mick Young, a member of the Centre Left faction who had previous contact with the ethnic community as the Opposition spokesman on immigration during the Fraser governments (Parkin and Hardcastle 1990, p. 321) of the 1970s.

To reduce the hostility of the ethnic communities to the budget measures which would change the balance of migration categories Hawke also entered the immigration debate and announced the establishment of the Office of Multicultural Affairs, to be located in the Department of Prime Minister and Cabinet. Many of the immigration recommendations in the 1986 budget were not taken up by the government and the terms of the immigration debate were relatively calm during the approach to the election in July 1987. Only after this election were the immigration issues raised in the 1986 budget considered through the wide ranging review of Australia's immigration policies and programs by the Committee to Advise on Australia's Immigration Program with Dr Stephen Fitzgerald as chairman (Parkin and Hardcastle 1990, p. 322).

Early in 1988 Young retired from political life, for reasons not related to his role as Minister for Immigration. Fitzgerald was still conducting his review and it was the new Minister, Clyde Holding, who was to receive the report several months into his term, a report which Parkin and Hardcastle assert

'was harshly critical of prevailing immigration policy, even questioning the desirability of multiculturalism.' (1990, p. 322). The Hawke government reacted with caution to the Report, deferring a detailed response for six months. With the Cabinet reshuffle in September 1988 following Bill Hayden's appointment as Governor-General, Holding departed as Minister for Immigration after only seven months, and without responding to the Report.

It was the new Minister, Robert Ray, a member of the Right faction, who was responsible for responding to the Fitzgerald Report in Parliament. In doing so Ray was finally acknowledging the turbulent nature of immigration policy as experienced by Labor in its first six years in power in the 1980s. This turbulence reflected the diversity of views held by groups interested in immigration – from the ethnic communities to business groups, to the Returned Services League and more liberal community groups – all within a context of tightening fiscal policy, one which guaranteed that the debate would be emotive and vocal.

THE CONSULTANT

In 1987 it was clear to the Minister for Immigration, Mick Young, that there were many issues in his portfolio that needed addressing, issues which were symptomatic of the fundamental changes in Australian society which impacted on the immigration debate (personal communication Havas, Lynch, First Assistant Secretary, Department of Immigration and Ethnic Affairs). In September 1987, Young commissioned Dr Stephen Fitzgerald to chair the Committee to Advise on Australia's Immigration Policies. The Committee 'was to enquire into, and report on Australia's immigration policies' (p. iii). Fitzgerald, then the Chairman of the Asian Studies Council, had been the first Australian Ambassador to China after the restoration of

diplomatic relations by the Whitlam Government and was an academic specialising in international relations. The Committee subsequently engaged a number of consultants to assist in providing a comprehensive and widespread review.

The Chairman and the members of the Committee were chosen by the Minister. Fitzgerald believed he was asked to chair the Review because of his direct experience as an Australian diplomat and as an international relations scholar. He was also well known to the members of the government, having long been a member of the ALP (personal communication Fitzgerald, May 1991).

The terms of reference for the Review required the Committee to 'address all pertinent matters, including, in broad terms, the following:

- the relationship between immigration and the economy, including the effects on the labour market and economic development;
- the relationship between immigration and Australia's social and cultural development as a multicultural society;
- the relationship between immigration and key population issues;
- the overall capacity of Australia to receive significant immigration intakes; and
- the relationship between immigration policies including compliance, and the administrative and legislative processes involved.

In carrying out its work, the Committee should:

- have regard to the principles that Australia's immigration policies are non-discriminatory in respect of national or ethnic origin, race,

sex and religion and that it is a sovereign right of the Australian Government to determine who should enter;

- have regard to Australia's continuing commitment to play its part in providing international humanitarian assistance to those in need;
- note that the Government has ruled out an amnesty for illegal immigrants;
- bear in mind settlement experiences insofar as they are relevant to the framing of immigration policies, noting that the Government is separately developing a National Agenda for a Multicultural Australia; and
- undertake full consultation with interested parties through written and oral submissions and other appropriate means.

The Committee shall report on:

- the guiding principles which should shape Australia's immigration policies looking ahead to the end of this century;
- the balance of objectives which should be reflected in policies and in terms of composition and level of immigration; and
- administrative and legislative mechanisms necessary for the implementation of immigration policies.' (Fitzgerald 1988, pp. ix-x)

The Committee included:

Mr Tony Bonnici AM a Melbourne barrister and Chairman of the Victorian Ethnic Communities Council;

Professor Helen Hughes AO Professor of Economics and Executive Director of the National Centre for Development Studies, Australian National University;

Mr Jim Hullick, Secretary-General of the South Australian Local Government Association;

Mr Alan Matheson, Ethnic Liaison Officer with the Australian Council of Trade Unions;

Dr Alessandra Pucci, Managing Director of Australian Monoclonal Development Pty Ltd and QANTAS Business Woman of the Year in 1985 (but she resigned immediately after the October 1987 stockmarket crash).

Members of Committee thus represented a wide range of interests in immigration and ethnic affairs. Fitzgerald relied heavily on Bonnici, who he felt provided a balanced view on the wide-ranging discussions that informed the Review. Hughes, on the other hand, advocated a strong economic focus for immigration. Fitzgerald himself was concerned about the immigration debate being driven by immigrants who were primarily concerned with family reunion. He also held the view that immigration was a compact, that there should be giving on both sides, a notion symbolised in the concept of citizenship. He was also concerned that there was 'no real formula for determining the annual intake' and that it was very much subject to political forces. The concept of multiculturalism was seen as directly political and run by the Office of Multicultural Affairs in the Department of Prime Minister and Cabinet. Fitzgerald saw this action as

being symptomatic of the lack of a research capacity in the Department of Immigration, Local Government and Ethnic Affairs (DILGEA).

While the Committee as a whole met on a regular basis, Fitzgerald himself was the driving force behind the Review and the one who gave most time to the inquiry, the drafting of the report and the consultations around Australia (personal communication, Matheson, ACTU Ethnic Affairs Officer and Member of CAAIP, December, 1991). These consultations were extensive and regarded by Fitzgerald as an important part of the Review. In his letter to the Minister submitting the Report, Fitzgerald acknowledged the requirement to consult widely and said that 'the reviewers had undertaken an intensive sounding of opinion through face-to-face consultations, written submissions, workshops, and commissioned surveys and research, in some respects perhaps the most intensive since the immigration program was put in place in the 1940s.' (Fitzgerald 1988)

A COMMITMENT TO AUSTRALIA

The Report was structured around eight themes, namely:

- Central Issues in Immigration Reform
- Community Views and Perspectives
- The Economic Focus and Population Issues
- Immigration and Society
- The Size and Composition of the Immigration Program
- Selection
- Administration
- Legislation

In the executive summary to the report, Fitzgerald highlighted the key issues relating to each of these themes which he and his colleagues had identified. The primary issue was the increased pressure for immigration throughout the world. Australia is a country in demand and Fitzgerald was concerned that reliance on the existing selection mechanisms would allow an influx of people beyond the capacity of the nation to absorb easily. As a consequence of this increased demand for entry to Australia the importance of community perceptions about the impact of immigration needed to be better understood. Fitzgerald was surprised to learn that approximately one million immigrants had not taken up citizenship (personal communication, Fitzgerald). Thus the theme of a 'commitment to Australia' was to become the philosophical perspective for the Committee's work. He argued that 'citizenship must be a watershed in the immigrant experience.' (Fitzgerald 1988, p. xi)

As a corollary of his view of the centrality of the commitment to Australia seen in acquiring citizenship, Fitzgerald proposed that the 'Government should move to restrict the non-survival benefits and privileges available to non-citizens. Non-citizens should not be able to sponsor immigrants, except in certain compassionate circumstances.' (Fitzgerald 1988, p. xi). This was to be a view that received widespread debate, especially among the ethnic communities. This view was preempted by the OMA before the Report was released, however, through the 'Year of Citizenship' campaign supported by a slick media strategy and a popular Prime Minister.

After the Report was tabled in Parliament by Minister Holding in June 1988 it was subject to comprehensive evaluation for six months by other Government departments and the National Population Council as well as

substantial media and public comment before the Government made its response to the Report.

In December 1988, the new Minister for Immigration, Local Government and Ethnic Affairs, Senator Robert Ray, advised the Parliament of the Government's decision regarding the Committee's Report. In his introductory remarks the Minister said that 'the Committee probably undertook the widest ranging examination of immigration in Australia's history and it has set the broad direction for the changes I am about to announce' (*Comm. Parl. Debs*, vol. Senate 130 p. 3753).

OUTCOMES OF THE REVIEW

A majority, forty eight, of the seventy three recommendations were accepted by the Minister after the three month consultation period and the Government subsequently implemented these recommendations. Key outcomes taken up by the Government included a new points system to determine migrant eligibility, one based on the Committee's proposed system; the establishment of the Bureau of Immigration Research; and, reform of the Migration Act 1958 and Migration Regulations. Of the twenty five recommendations rejected, many related to structural change within the portfolio and across other government departments. Fitzgerald proposed, for instance, that responsibility for migrant adult education be transferred to the Department of Employment, Education and Training (rec. 13). After responding to the Committee's report in Parliament, Minister Ray asserted that 'the process begun by Dr Fitzgerald and his committee will have an impact on Australia for many years to come.' Senator Ray identified four areas in which the Government would introduce reforms as outcomes of the Committee's recommendations. He said that:

'The immigration program will be divided into three main streams - family, skill and humanitarian migration;

The Immigration Department will develop a research capacity to bring immigration into the mainstream of economic and social planning;

The management of immigration programs will be redesigned to ensure that they do not exceed the migration figures set by government;

There will be a significant change in the machinery of decision making to ensure that administration is demonstrably open, consistent and fair.' (Ministerial Press Statement 141/88).

Fitzgerald himself felt that important parts of the immigration debate had been de-railed by the OMA during his Review. The Prime Minister's initiative of the 'Year of Citizenship', for example, was announced after the release of the Report for community consideration but some three months before the final response to the Report by Minister Ray in the Senate in December 1988.

Ray commented at length on the issue of linking benefit eligibility and citizenship when tabling his report. He said that;

'The Committee rightly identified citizenship as the ultimate expression of commitment to Australia, but in the Government's view proposed an inappropriate strategy for encouraging its acquisition. A commitment stems from deeply felt sentiments. It

cannot be developed by coercion or punitive measures which deny benefits to non-citizens. The Government totally rejects such an approach, which denies the contribution that non-citizen residents make to Australia through rearing their families here. The announcement by the Prime Minister (Mr Hawke) of a Year of Citizenship which he launched on 30 September is a positive approach. Initiatives for the year are designed to enhance the concept of citizenship, to encourage all who are eligible to acquire it to do so, and to promote awareness of and pride in what being an Australian citizen means.' (Commonwealth of Australia 1988, Senate, p. 3754)

In concluding his presentation to the Senate, Minister Ray suggested that:

'The measures I have announced comprise major reforms to immigration policy and administration. The reforms, together, are the most significant innovations in Australia's immigration programs to have occurred during the last two decades. The Government has attempted to strike a responsible balance between the economic, social and humanitarian objectives of the immigration program. We have designed a system of program management which will deliver planned outcomes. Through our emphasis on a strong research base, we will bring immigration into the mainstream of economic and social planning. Nor have we lost sight of the individual. The changes to the legislative framework will ensure that the administration is demonstrably open, consistent and equitable. The principle of equity is fundamental to this entire package. It is about giving all people a fair chance within the context of a program that serves the interest of the Australian people. I am also glad to announce that these reforms are expected to result in a net reduction

in Commonwealth expenditure in the long term.' (Commonwealth of Australia 1988, Senate, p. 3760)

The substance of the Report received widespread comment. The ethnic community was generally antagonistic to the recommendations. Other observers recognised it as a wide ranging review with long term, strategic implications (Jupp 1988a), even if they might be frustrated by strong ethnic community reaction. The Melbourne based Italian newspaper, *Il Globo*, for instance, said it was 'an insult to all immigrants in Australia' (Parkin and Hardcastle 1990, p. 323). The political sensitivity of immigration was borne out in the conduct of the Review and the subsequent public discussion following its release.

Jupp, Head of the Centre for Immigration and Multicultural Studies at the Australian National University, summarised the Report as a reflection of 'the views of business and conservatives rather more than of the ethnic communities on the one hand or of racists on the other.' (1988a, p. 1). He also noted that 'the Department was severely criticised both for its operations and for its image' and that Fitzgerald was 'anxious to put immigration 'at the centre' of policy-making. ... [Fitzgerald] argues that the Immigration Department has marginalised the issue and virtually become a client dominated agent of the ethnic communities.' (Jupp 1988a, p. 3). While Jupp believes Fitzgerald's position to be a little 'far-fetched', it is an important element in considering the role played by consultants in strategic reviews of public policy.

Fitzgerald felt the discussion around the concept of multiculturalism in the Review was widely misrepresented (personal communication Fitzgerald, also see Jupp 1988a, pp 3-4). As Jupp noted, the Report did 'NOT say that [it

was divisive], only that multiculturalism is seen as divisive and, therefore undermines public support for immigration.' (1988a, p. 3). Elsewhere Jupp notes the impact of the speech by the Leader of the Opposition, John Howard, at Esperance in Western Australia on 30 July, 1988, when his call for 'One Australia' focussed 'on the dangers of multiculturalism, Aboriginal separatism and trade union privileges.' (Jupp 1988b, p. 99). This speech was widely reported in the media and drew much criticism of Howard. While Howard did not mention Asian immigration in his speech, Jupp suggests that the response was a measure of the confusion in the community over the concept of multiculturalism which he believes many see as synonymous with multiracialism (Jupp 1988b, p. 99). Fitzgerald also felt that he had been 'betrayed' by the Prime Minister on the issue of multiculturalism with the 'Year of Citizenship'. The Office of Multicultural Affairs in the Department of Prime Minister and Cabinet had the running on this initiative, an attempt seen by Fitzgerald as a way of getting the 'upper-hand' on the selling of multiculturalism (personal communication Fitzgerald). OMA had felt that the concept of multiculturalism had not been properly explained through the work of the Committee and that 'the immigration program was being damaged by public hostility to poorly understood official policy on multiculturalism.' (Jupp 1988b, p. 100). The lengthy period for public evaluation and comment also allowed time for a divisive debate on the concept of multiculturalism. During this period the Leader of the Opposition, John Howard, 'broke the consensus on multiculturalism and hinted at a departure from a non-discriminatory intake.' (Jupp 1988b, p. 100).

In his extensive analysis of the context within which the Fitzgerald Report was presented Jupp notes the volatility of the wider social, economic and political context surrounding the immigration issue:

'The general finding of the Report was that immigration had lost direction because there were increasing numbers interested in migrating to Australia but inadequate procedures for selecting those who would be of most economic benefit to Australia....

The report reflected the views of the business sector and of the Commonwealth bureaucracy rather than the ethnic communities. Indeed, one of its basic arguments was that immigration policy had become 'client directed', implying that too much attention was being paid to the 'ethnic lobby'....

The Committee's emphasis on skills, and particularly on English proficiency, alarmed those representing the less-skilled non-English-speaking immigrants who have traditionally supported the ALP....

The Report recommended that, in order to redirect immigration towards more skilled applicants, a new system of points allocation was required. The further development of this system was delegated to the National Population Council, an advisory body to the Minister for Immigration....

The Report was highly critical of the Department of Immigration, Local Government and Ethnic Affairs. It felt that a more professional service was needed and that the absence of a sustained research effort was particularly regrettable. Senator Ray endorsed Fitzgerald's criticism of the lack of policy oriented research. '(Jupp 1988b, pp. 100-101)

It is clear from these comments that the Fitzgerald Report touched a number of 'raw nerves' in the major political parties, in the ethnic community, in the Commonwealth bureaucracy, and in the wider Australian community.

The establishment of the Committee to undertake the immigration policy review was seen by some senior managers in the Department as necessary to 'kick start' change and that 'institutional change needed an external prompt' (comments by Pat McCahey, First Assistant Secretary, DILGEA, at an ANU Public Policy seminar on 23 November, 1990).

It is interesting to note that the philosophy underpinning the Fitzgerald Review is now being seen in many of the policies and programs of both immigration and social security. For example, the immigration portfolio includes a Migration Act which more closely prescribes the approaches to be taken by Australian migration officers in determining migrant eligibility. Since 1992 new migrants now also have to wait up to twelve months before they are entitled to social security benefits.

SUMMARY

Fitzgerald and his Committee were given the widest possible terms of reference to undertake their review of Australia's Immigration program. It could indeed be argued that they were too broad as only forty eight of the seventy three recommendations were initially accepted by the government. Their terms of reference included 'Australia's social and cultural development as a multicultural society' an issue that was, during their review, taken up by the Office of Multicultural Affairs in the Prime Minister's office. This involvement by OMA in the domain of his review was the main point of frustration for Fitzgerald. He felt that the Prime

Minister had taken the initiative from his Committee with this action. Nevertheless in a highly political area Fitzgerald was able to lead a major review of Australia's immigration program, one which had a significant effect on this policy field.

His Committee was ably assisted by officials within the Department of Immigration and Ethnic Affairs as well as by numerous sub-consultancies in a way similar to the National Housing Review discussed above. These sub-consultancies undertook surveys into community attitudes about immigration policies which assisted Fitzgerald and his Committee determine policy recommendations to government. In fact, the establishment of the Bureau of Immigration Research was recognition by the government that continuing research into Australian migration as done by Fitzgerald's committee was essential for informed policy choices in this field.

Involvement of key stakeholders was central to the review strategy established by the government when it set up the Committee to Advise on Australia's Immigration Program. It was also this aspect of the Review that most challenged Fitzgerald. Not only was there broad community division over the nature and size of immigration categories across Australian society, there were strong divisions within the ethnic community itself.

Fitzgerald was successful in his wide-ranging review of Australia's immigration policy in that he ensured that the issues surrounding immigration were analysed and put before the Australian community for public discussion. The Review acknowledged the complexity surrounding immigration and the political and cultural factors associated with this issue. Of OECD countries, after the United States of America and Israel, Australia

has relied most heavily on migration to further its economic and national development. Fitzgerald's review recognised the continuing importance of immigration and its role in economic development. Nevertheless Fitzgerald felt acceptance of all the recommendations from his review was frustrated by the political debate surrounding the concept of multiculturalism at that time, a debate which was, in hindsight, predictable given the political nature of the issues involved with immigration.

The debate surrounding policies to combat AIDS has always been an emotive one because of the socially marginal characteristics of particular groups affected first and the values they hold. As Neldin, Willis and Parris (1991) note:

'AIDS is no "ordinary" epidemic. More than a devastating disease, it is freighted with social and cultural meaning. More than a passing tragedy, it will have long-term, broad-ranging effects on personal relationships, social institutions, and cultural configurations. AIDS is clearly affecting mortality and morbidity – though in some communities more than others. It is also costly in terms of the resources – both people and money – required for research and medical care. But the effects of the epidemic extend far beyond medical and economic costs to shape the very ways we organise our individual and collective lives.' (p. 1)

In her Introduction to the policy discussion paper *AIDS: A Time to Care, A Time to Act* (1988) Elizabeth Reid also noted that 'the presence of the virus, highlighting as it does issues such as sexuality, drug use and discrimination, is bringing moral issues into prominence.' (p. 2). The incurable nature of the disease has given rise to new political strategies in the field of health, strategies that reflect the debate over the moral prominence surrounding

CHAPTER EIGHT: PANDEMICS AND THE PUBLIC HEALTH RESPONSE

A FAMILIAR RESPONSE TO A UNIQUE DISEASE

The sudden appearance of the Acquired Immunodeficiency Syndrome (AIDS) on the world stage in the early 1980s did much to encourage close public scrutiny of cultural and political responses to public health issues. The debate surrounding policies to combat AIDS has always been an emotive one because of the socially marginal characteristics of particular groups affected first and the values they hold. As Nelkin, Willis and Parris (1991) note:

'AIDS is no "ordinary" epidemic. More than a devastating disease, it is freighted with social and cultural meaning. More than a passing tragedy, it will have long-term, broad-ranging effects on personal relationships, social institutions, and cultural configurations. AIDS is clearly affecting mortality and morbidity – though in some communities more than others. It is also costly in terms of the resources – both people and money – required for research and medical care. But the effects of the epidemic extend far beyond medical and economic costs to shape the very ways we organise our individual and collective lives.' (p. 1)

In her introduction to the policy discussion paper *AIDS: A Time to Care, A Time to Act* (1988) Elizabeth Reid also noted that 'the presence of the virus, highlighting as it does issues such as sexuality, drug use and discrimination, is bringing moral issues into prominence.' (p. 2). The incurable nature of the disease has given rise to new political strategies in the field of health, strategies that reflect the debate over the moral prominence surrounding

the disease (see Gross 1991). The impact of the Human Immunodeficiency Virus (HIV), the virus responsible for the AIDS epidemic, has been significant in refashioning social attitudes and institutions and will continue to be so until there is greater understanding in the community that the disease is preventable and until a cure is found. More generally, Nelkin, Willis and Parris (1991) believe that:

'AIDS will also *reshape* many aspects of society, its institutions, its norms and values, its interpersonal relationships, and its cultural representations (Bateson and Goldby 1988). Just as the human immunodeficiency virus mutates, so too do the forms and institutions of society. Current clinical, epidemiologic, demographic, and social data about AIDS suggest that the future will be unlike both the present and the past.' (p. 2)

In their compendium of information on reactions to AIDS in the industrialised democracies, Bayer and Kirp (1992) hypothesised two polar ideals as typifying policy responses to the disease:

'a *contain-and-control strategy*, which would seek by compulsory means to identify those with HIV infection and then to isolate them as a way of preventing further spread of the disease; and a *cooperation-and-inclusion strategy*, which would attempt to engage those most vulnerable to AIDS through education, voluntary testing, and counselling, and by protecting their privacy and social interests as members of the commonwealth.' (p. 5)

The choice between these two policy options was clear in the debate over HIV/AIDS in Australia. The way in which the nation arrived at the co-

operation-and-inclusion strategy is an interesting case study of public policy-making in the modern state.

The disease is special because it is incurable and wholly preventable. The strategies developed in Australia were based on this understanding (Commonwealth Department of Community Services and Health 1988). While much of the early confusion about the disease was itself based on unfamiliarity, the strategy of education and communication about AIDS which was adopted was thought best able to deal with the perception of greater risk associated with that unfamiliarity (Fischhoff, Slovic, and Lichtenstein 1979).

Australia identified the problem early. Ballard (1991), for instance, has noted how the AIDS policy making process 'was planted firmly on Australia's public policy agenda two years earlier than elsewhere.' (p. 1). He has catalogued how, through a series of events in the two weeks leading up to the 1984 federal election, the Commonwealth Government was to galvanise its approach to the AIDS issue – as it was referred to then – giving Australia a policy head start over other western nations. The government acted, not through particular compassion or greater understanding of the disease but because of the possibility that its political opponents could wreak significant electoral damage late in an election campaign by drumming up community hysteria. As Ballard describes it,

'Late in 1984 the Labor federal government headed by Bob Hawke called an early election to extend the term of office which it won in March 1983. On 15 November 1984, two weeks before election day, the Minister for Health in Queensland, a state led by the most conservative and outspoken opposition to the Hawke government,

announced that three babies had died of AIDS-related diseases after receiving blood from an HIV-infected homosexual donor.' (Ballard 1991, p. 1)

On 16 November the Queensland government passed legislation 'imposing criminal sanctions for false declarations by blood donors' and on the same day the Commonwealth Minister for Health, Dr Neil Blewett, 'announced a program of urgent initiatives' including the production and supply of test kits and other measures to protect the blood supply (Ballard 1991, p. 1). Blewett also had on his staff advisors who were active in the Australian Union of Students in the mid-1970s when it was run by representatives of the gay students' movement (personal communication, Reid, February 1992). These advisors were influential in moving Blewett and the government toward a strategy of involvement for the high risk groups such as homosexual men and intravenous drug users (IDUs).

Over the period 1984-88 the HIV/AIDS issue was characterised by sustained and emotive debate in the media. This debate involved groups as diverse as the Red Cross, the Australian Medical Association, Gay Rights groups and the Commonwealth and State governments. The continuing tension between policies advocating the medical versus the community model in addressing the HIV/AIDS issue indicates the complexity of contemporary Australian political processes on such difficult issues. Emphasising the social and political impact of HIV/AIDS Nelkin, Willis and Parris (1991) cite historian Asa Briggs writings about the impact of nineteenth-century cholera. Briggs called cholera

'a disease of society in the most profound sense. Whenever cholera threatened European countries it quickened social apprehensions.

Wherever it appeared, it tested the efficiency and resilience of local administrative structures. It exposed relentlessly political, social, and moral shortcomings. It prompted rumors, suspicions, and, at times, violent social conflicts.' (Briggs 1961)

HIV/AIDS was a similar disease of society as can be seen in the ways in which Australian social and political systems grappled to come to terms with the implications of this still largely ill-understood disease. The public policy issues surrounding HIV/AIDS were both complex and politically challenging. How was the government to control the spread of the disease in the context of informed community debate? Who would be the constituents most central to the choice of an effective public policy strategy? How would the Federal government facilitate community understanding and management of the disease?

THE CONSULTANT

When the Commonwealth Department of Community Services and Health advertised for a 'Senior Policy Advisor' on HIV/AIDS in mid-July 1987 it was Elizabeth Reid who was the surprise successful applicant for a position thought to be earmarked for Bill Bottell, an advisor in Blewett's ministerial office. Reid had experienced the personal devastation caused by the AIDS virus during her work with the UN in Africa in the early 1980s when her haemophiliac husband died of the disease after contracting the virus through contaminated blood. She had also been a consultant to Asian Ministers of Health on AIDS and other public health matters. With a family history of activity in the ALP and the trade union movement, as well as in radical church politics, Reid was imbued with strong family and community values and was not afraid of adopting iconoclastic strategies when needed (personal communications, Ballard 1991 and Reid 1992).

Reid's background made her an appropriate political choice to draft the 'green' policy discussion paper, *AIDS: A Time to Care, A Time to Act* (1988), and to play a key role in the development of the 'white' policy information paper, *National HIV/AIDS Strategy*, (1989). With a background in policy development as the adviser on women's affairs to the Whitlam Government from 1973 to 1975, and in policy advising roles in the United Nations, Reid was also well qualified to undertake the consultancy. Her earlier academic life also provided Reid with insights into the policy issues surrounding responses to this disease. In the late 1960s, Reid tutored in philosophy at the ANU. She had also been an activist for homosexual law reform in the ACT. Reid was to carry out the task with great enthusiasm and commitment and subsequently continued on in this area of public health with the United Nations Development Program (personal communication, Reid 1992).

Based in the Department of Health, Reid was commissioned to work for three days a week but gave far more in time, in effort and in commitment. While Reid found working arrangements with the bureaucrats to be, at times, frustrating, she was able to develop effective working relations with the senior management in the Department. The bureaucrats wanted a 'list of things to do' but instead the strategy adopted evolved into one of community education about the nature of the disease and the ways of avoiding it. Reid's aim was first to write a 'true' policy discussion paper and not preempt future strategies. This was the case as the discussion paper discussed and debated issues around different management strategies for HIV/AIDS.

Reid saw herself and her small group of departmental colleagues as being central to the determination of a strategic response that was based on involvement and understanding. The next most influential group in the policy development process was the expert group of consultants engaged by Reid to assist with the development of components of the strategy. Beyond them in her ring of influence were the interested groups, such as the gay community and IDUs. Time was also an important factor in developing the strategy. Members of the review team had to educate the experts, including the medical and related health professionals, before they could draw upon the latter's technical expertise. At the political institutional level they had to convince the Finance Minister to invest in something he could not see.

Reid regarded consensus on a set of guiding principles to be an important basis for developing a national response to the virus. The two overarching principles with which Reid approached the task were; the centrality of community to effective response, and respect for the body of human rights law (personal communication, Reid 1992). The guiding principles ultimately proposed for the development of a National AIDS Strategy were:

1. Policies should be formulated on the basis that the transmission of the virus is preventable.
2. Extensive understanding of the nature of the epidemic is essential to the development of sound policies.
3. Each person must accept personal responsibility for preventing himself or herself becoming infected through sexual intercourse or through sharing of needles and for preventing further transmission of the virus.

4. The Australian community has the right to access to appropriate protection against infection.

5. Educational measures and prevention programs can bring about behavioural changes to minimise transmission.

6. The law can complement and assist education and other public health measures.

7. To be effective, policies will require the continuing cooperation of those at risk of infection.

8. Confidentiality regarding a person's HIV infection status should be maintained.

9. Specific informed consent should be obtained before any test is performed.

10. People infected with HIV have the same rights to comprehensive and appropriate health care, income support and community services as other members of the community.

11. Carers for HIV-infected people have a right to protective and supportive working environments and a responsibility to minimise occupational transmission. (Commonwealth of Australia 1988, pp 90 - 93)

That these guiding principles have since provided a consistent and coherent framework for policy development is a measure of the success of Reid's consultancy. The strategy which Reid was to adopt was to ensure that the focus of program development for AIDS prevention came from within affected communities. At the time of Reid's appointment the two main structures in place were the State AIDS councils and the Australian Federation of AIDS organisations, both of which were regarded by Reid as showing a considerable lack of will to address the central issues relating to community understanding and management (personal communication, Reid 1992).

The Federal government had, through its specially designed consultative arrangements with institutions and interest groups, created mechanisms that maintained political distance from the details of the AIDS issue. For example, the NSW State Council of AIDS had published information on AIDS with a strong erotic theme which was regarded by other groups as having questionable impact on prevention of the disease. The Federal Minister was able to distance himself from these strategies because they were developed by a body independent from him. There was also a bi-partisan approach to the management of AIDS with the shadow Minister for Health, Peter Baume – a medical practitioner before his political career – and the Opposition Leader, Andrew Peacock and the Democrat Senators taking an active interest by reviewing drafts presented for consideration by the Parliamentary committee. The only exception to this bi-partisan approach was Shadow Health Minister Wilson Tuckey's outburst at the Third National Conference on HIV/AIDS in Hobart in August, 1988, when he insisted that HIV/AIDS be brought into line with traditional health control lines. This coincided with the Australian Medical Association's (AMA) call for the 'medicalisation' or 'mainstreaming' of HIV/AIDS within

conventional health planning and programs (Ballard 1991, p. 9). While Tuckey was soon replaced, with his successor returning to a bi-partisan approach, the AMA continued advocating the medical (as opposed to the community) model for the management and treatment of HIV/AIDS.

After the release of the Policy Discussion Paper, the Minister established six 'consultative working panels to provide a forum for public discussion on key HIV/AIDS related issues' arising out of the Paper. These panels, comprising both 'experts' and important community leaders, covered specific groups and issues. These were: Aboriginals, Torres Strait Islanders and AIDS; Discrimination and Other Legal Issues; Education and Prevention; Intravenous Drug Use and HIV; Testing; and Treatment, Services and Care. The consultative panels used to discuss the issues also provided the opportunity to both gather information surrounding specific issues related to the development of the policy information paper and to raise community awareness about the HIV/AIDS issue itself and the Government's active response to it.

Continuously working with the Departmental officers who controlled the drafting of the papers and with the staff of the Minister's office gave Reid the leverage necessary to keep the policy development process moving fast. Reid distributed fifteen thousand copies of the policy discussion paper to schools, churches, trade unions and community groups throughout Australia within several months of its publication. This was a strategy designed to encourage as much discussion as possible throughout the country. The circulation of the paper was followed by a series of public meetings throughout the country relating to specific issues addressed by the paper. While these meetings raised a range of contentious issues, they were

not necessarily hostile as the community came to understand this modern 'disease of society'.

UNDERSTANDING AND COMPASSION IN HIV/AIDS POLICY

In November/December 1988, the Commonwealth and State governments tabled the policy discussion paper *AIDS: A Time to Care, A Time to Act* in every Australian parliament. This was successfully done even with recalcitrant governments in Western Australia and Queensland. The discussion paper was a result of a Cabinet Discussion Paper which aimed to identify the strategy and set the expenditure for the Commonwealth over the following four years (personal communication, Barry Telford, Departmental officer on the Review team, 1991). This 'green' paper was the basis for the subsequent 'white', or policy information paper, *National HIV/AIDS Strategy*, prepared by the Department of Community Services and Health (CSH).

As a policy issue the phenomenon of the HIV/AIDS pandemic is unique in the last twenty years. In the green paper, Reid reported that 'the epidemic of HIV infection has spread globally with great rapidity' (p. 39). Community reaction to the virus has been characterised by over-reaction to the treatment of people infected with the virus. This is symptomatic of the fact that there is no known cure and that the disease more commonly affects members of minority social groups, such as male homosexuals, prostitutes and IDUs.

The aim of Reid's discussion paper was 'to encourage and provoke informed debate on appropriate responses to the epidemic and to assist in the analysis of possible policy components' (p. 3). She recommended three broad objectives, namely:

'1. To minimise transmission of the Human Immunodeficiency Virus (HIV).

2. To support, care for and treat people infected with HIV.

3. To educate and to prevent the infection of people who care for HIV-infected individuals.' (p. 6)

Education about the virus and the associated institution building were central to the overall strategy (personal communication, Reid 1992).

Reid also proposed a number of principles (outlined above) to guide the formulation of policies. These principles have been the basis for the widespread educational programs undertaken in Australia which have provoked considerable discussion and attitude polarisation in the community about the means by which the spread of the virus can be prevented. Television 'commercials' such as the 'Grim Reaper', which showed the disease eliminating typical Australians and heterosexual couples in bed contemplating their behaviour, particularly provoked considerable dissension amongst community leaders. The increased availability of condoms and sterile needles for IDUs which has been part of the policy response to the pandemic has also led to increased discussion about the way in the issue should be managed.

The early acceptance by policy makers and the medical profession of a strategy of public education for at-risk groups has meant that Australia has a very low incidence of HIV infection among Australian heterosexual

injecting drug users when compared to the incidence in similar western cities. Wodak (1991), for instance, reports that:

Engaged as a Senior Policy Adviser on HIV/AIDS in the Commonwealth Department of Health, Wodak reports that 'heterosexual and IDUs account for 1.5% of AIDS cases and homosexual/bisexual male IDUs another 2.8%. These low rates of infection are all the more remarkable considering that the national epicentre of the HIV epidemic (the gay ghetto of inner-city Sydney) is also the major national centre for drug dealing and use.' (p. 482)

While Wodak is cautious in attributing the low level of HIV/AIDS incidence in Australian IDUs to any one strategy he does acknowledge the impact of the early prevention strategy of the governments of all levels.

about the topic. With the green paper, AIDS: A Time to Care, A Time to Act, Wodak reports that '... Australia's response to the HIV epidemic overall has been remarkable for its swiftness and pragmatism. Commonwealth and state health ministers took an early interest in the epidemic and laid the foundation for an approach that has avoided party politics. Capable and committed advisers and other workers have been recruited from among health professionals and community groups. Special Commonwealth and state expert advisory committees (which included IDUs) have operated for most of the epidemic, developing policies for the prevention of HIV infection in IDUs and assisting in the implementation of strategies.' (Wodak 1991, p. 482)

Wodak (1991) concludes that 'the successful prevention thus far of widespread HIV infection among IDUs in Australia has avoided sizeable health, social, and economic costs and must rank as an important achievement nationally and perhaps beyond. Yet it has received limited recognition. Its very success may now threaten its future.' (p. 482)

SUMMARY

Engaged as a Senior Policy Adviser on HIV/AIDS to the Commonwealth Department of Community Services and Health, Elizabeth Reid was, in fact, to develop the scope of Australia's policy for managing this disease. Her work can be divided into two major parts: the first being the drafting of the policy discussion paper; the second being to direct the development of the policy information paper which was ultimately to guide Australia's co-operation and inclusion strategy for the disease. In terms of Hogwood and Gunn's (1984) notion that policy can be analysed in stages, Reid was engaged to work on an essentially 'new' public policy problem and was therefore working with the government and its officials in 'deciding how to decide' about the issue. With the green paper, *AIDS: A Time to Care, A Time to Act*, Reid was to set the agenda of co-operation and inclusion of those infected with the virus.

The nature of the analysis undertaken by Reid was fundamentally different from that undertaken by the other consultants covered in this thesis. She was dealing with a new disease from which relatively few people had died. While there were exponential projections of the number of people likely to become infected in the future given no policy response from the government, promulgation of these projections was not central to Reid's strategy. Her view was to analyse ways in which the community could respond to the disease by formulating principles for action, rather than to scare the community by projecting figures reflecting no policy response from government. The quality of her analysis is reflected in the 'cleverness' with which she engaged the Australian community with a co-operation and inclusion strategy.

Reid involved key stakeholders in the development of the HIV/AIDS policy. These stakeholders ranged from representatives of groups most likely to be affected by the disease to organisations and governments vested with the responsibility for communicating the empathetic strategy she had developed with the Commonwealth government. Reid regarded the fact that her policy discussion paper was tabled in every Australian parliament within a two month time period, and that some fifteen thousand copies of the paper were distributed to schools and community groups around that time, as an important strategy of involving the Australian community in decision-making about the issue (personal communication, Reid 1992).

Australia's HIV/AIDS strategy is regarded as a leader in national attempts to contain the spread of the disease (Wodak 1991). The relatively low rate of infection found in Australia in groups most at risk to the disease is testament to this. Reid's success in implementing a strategy of co-operation and inclusion, which also involved the medical profession in representative structures with representatives from infected groups, was also a break in tradition for Australian public health policy.

The Australian Government's response to the HIV/AIDS epidemic must be regarded as a relatively successful public policy response to a modern public health issue given the low incidence of the virus in affected groups when compared to other western nations (Wodak 1991). Reid's participation in creating this response to the disease, driven early on by governmental political expediency in minimising the impact of hostile state governments, ensured that the Australian response to the disease was both immediate in its timing and effective in its orientation. The rush of action to contain the political reaction to an infection in the blood supply (within weeks of a federal election), action which was oriented toward increased

understanding of the disease, and spreading the knowledge that it is preventable, gave Australia an excellent start in its public health response to HIV/AIDS. The strategy adopted, largely based around community education about the HIV/AIDS virus, is now well in place and being driven by the Commonwealth Government.

East Asian Ascendancy (1989) has the broadest perspective and has the greatest potential to make a significant impact on the long term economic prosperity of the nation. It provided important challenges for Australian policy action, covering as it did such issues as tariff reduction, micro-reform and workplace reform across Australian industry (Marsh 1990, p. ix). As already noted above in Chapter Three the transformation of the international economic context was central to most of the fundamental national policy changes legislated by the two federal governments in Australia in the 1980s. Consideration of the economic factors involved in relations with our major trading partners was a broad task to ask any consultant to undertake. As we will see, the implications of Garnaut's report range widely across many fields of Australian public policy. While his recommendations on tariff policy received the greatest public attention, Garnaut himself felt that many of his recommendations relating to closer relations with north-east Asia were not given the important treatment they deserved. He referred particularly to the chapters on 'Managing Official Bilateral Economic Relations' and 'Knowing Asia and Being Australian: Education' (personal communication, Garnaut 1991).

The timing for such a study was right as the Labor Government had been returned for a third term and was looking to review long term strategic economic issues in the face of a more volatile world economy. Garnaut undertook the study, jointly for the Prime Minister and the Minister for Foreign Affairs, Gareth Evans, whom Garnaut also regarded as a friend.

CHAPTER NINE: GOING WITH THE MIGHT OF ASIA

BACKGROUND TO THE CONSULTANCY

Of all the case studies covered in this research, Professor Ross Garnaut's report on *Australia and the Northeast Asian Ascendancy* (1989) has the broadest perspective and has the greatest potential to make a significant impact on the long term economic prosperity of the nation. It provided important challenges for Australian policy action, covering as it did such issues as tariff reduction, micro-reform and workplace reform across Australian industry (Marsh 1990, p. i). As already noted above in Chapter Three the transformation of the international economic context was central to most of the fundamental national policy changes legislated by the two federal governments in Australia in the 1980s. Consideration of the economic factors involved in relations with our major trading partners was a broad task to ask any consultant to undertake. As we will see, the implications of Garnaut's report range widely across many fields of Australian public policy. While his recommendations on tariff policy received the greatest public attention, Garnaut himself felt that many of his recommendations relating to closer relations with north-east Asia were not given the important treatment they deserved. He referred particularly to the chapters on 'Managing Official Bilateral Economic Relations' and 'Knowing Asia and Being Australian: Education' (personal communication, Garnaut 1991).

The timing for such a study was right as the Labor Government had been returned for a third term and was looking to review long term strategic economic issues in the face of a more volatile world economy. Garnaut undertook the study, jointly for the Prime Minister and the Minister for Foreign Affairs, Gareth Evans, whom Garnaut also regarded as a friend.

Hawke had espoused the belief that Australia should 'enmesh itself with the dynamic economies of south east Asia' and, in undertaking his consultancy, Garnaut had to keep in mind that Hawke 'placed a high value on public airing of views' (personal communication, Garnaut 1991). Other observers noted that a broad, or visionary approach was expected of Garnaut as a result of his long experience as an adviser to the government (see Fitzgerald 1990). As Kelly (1992), for instance, has said, 'Hawke's commitment to financial deregulation and lower protection was driven by Ross Garnaut - the most influential economic adviser of his prime ministership.' (p. 93).

The indicators of the problem on which Garnaut had to report – Australia's economic performance relative to that of its Northeast Asian neighbours – were clear: the economic performance of Australia as a trading nation was slipping in terms of the economic performance of the five 'tigers' that constitute Northeast Asia (Japan, China, Republic of Korea, Hong Kong and Taiwan). These nations together by the mid-1980s constituted one of the three major trading regions of the world, along with Europe and North America. As Garnaut showed in his report, these nations had made considerable economic gains over the preceding two decades (see Table 9.1).

The economic journalist, Michael Stuchbury (1990), provides a summary account of the significant economic challenges facing the Federal Government throughout the 1980s. He notes that for both the Whitlam Labor government and the Fraser Liberal and National Party governments, the state of the domestic economy had become a high priority. Since the first Hawke Labor government came to power in 1983, at the end of a very deep recession, the poor state of the domestic economy was also a major preoccupation:

'Elected near the trough of Australia's most severe recession since the 1930s Depression, the Hawke government also became preoccupied with the economy. The problem of how to pull it out of recession soon gave way to severe balance of payments problems which revealed deep-seated structural weaknesses in the Australian economy. The goal of correcting these and promoting sustainable economic growth influenced nearly all areas of policy under the Hawke government.' (Stutchbury 1990, p. 54)

Table 9.1: GDP (1980 \$US) for Australia, Northeast Asia and Other Selected Countries (after Garnaut 1990, p. 4)

Country	1965	1970	1977	1980	1987
Japan	416 286	673 232	917 375	1 059 262	1 370 296
China	112 360	167 627	223 347	286 333	549 215
Rep of Korea	17 561	27 798	54 053	54 947	111 651
Hong Kong	8 206	10 657	19 455	26 483	45 658
Taiwan	9 985	16 028	30 891	40 838	67 616
Australia	86 041	112 236	139 426	153 233	179 692
US of A	1 866 780	2 044 330	2 505 850	2 688 470	3 275 793
Canada	129 696	168 720	238 883	263 175	326 163
ASEAN	63 601	89 971	148 572	182 908	235 589
EC	1 870 238	2 338 520	2 881 047	3 103 943	3 524 639

Source: International Economic Data Bank, Research School of Pacific and Asian Studies, Australian National University.

Hawke became the longest-serving Labor Prime Minister despite these difficult economic circumstances: action in several policy areas contributed to his success. Policies Hawke adopted included the creation of the Prices and Incomes Accord from 1983 (Singleton (1990a), macroeconomic

restructuring, including floating the currency and deregulating the financial system, and microeconomic restructuring including a range of labour market initiatives such as the Australian Traineeships Scheme.

The issues facing Garnaut included the means by which Australia could improve its economic standing as a developed nation given its current poor economic base and the strong and sustained economic growth of the North East Asian economies which were based on high value-added manufacturing.

THE CONSULTANT

As already noted, Garnaut had a long association with federal governments at the highest level, both as an economist and as a specialist in Asia Pacific matters (Garnaut also recalled that Senator Fred Chaney once introduced him 'as the author of the Opposition's trade and industry policy' since he had worked with the Fraser Government on protection issues (personal communication, Garnaut 1991)). Despite the fact that he was engaged as a consultant, in that he had a contract of employment with specific terms of reference and for which he received a fee, Garnaut did not see this as 'a one off consultancy'. Rather he felt he was 'influencing public policy' more generally as he was asked by the Prime Minister and the Minister for Foreign Affairs, to 'tie down a perspective' by engaging in research and wide ranging discussions surrounding issues of trade with Northeast Asia (personal communication, Garnaut 1991). This may reflect his close connection with government as Hawke's economic adviser.

Garnaut was well qualified to undertake the study of the new role of Australia in the Asia-Pacific region and the implications for Australia of the tigers' awakening. He had had a close association with Prime Minister

Hawke as his economic adviser from 1983 to 1985 and had acquired his understanding of Asia through his experience as Australian Ambassador to China from 1985 to 1988.

In August 1988 Garnaut was commissioned by the Prime Minister and the Minister for Foreign Affairs to review the implications for Australia of economic growth and structural change in east Asia.

The terms of reference of the review were:

To analyse and report on economic growth and structural change in the economies of East Asia, especially in Japan, China (including Taiwan and Hong Kong) and Korea, both in recent years, and prospectively through to the end of this century and beyond.

To assess the effects of these recent and prospective developments on Australia, whether directly through Australia's bilateral relations with the component parts of the region, or indirectly through the impact of East Asian economic change on other parts of the Western Pacific region of importance to Australia, or indirectly through interaction between East Asian economic change and the wider international community.

To review the Australian response to economic growth and structural change in East Asia, including policy and administrative responses of Australian and State Governments and responses of other relevant institutions in Australia.

To recommend on policy and other responses which would increase the economic, political and wider benefits and reduce the costs to Australia of East Asia's continuing economic growth and structural change.' (Garnaut 1989, p. v)

Garnaut's substantial report was submitted to the Prime Minister and the Minister for Foreign Affairs just over one year later on 22 October 1989. The Report, of some three hundred and forty pages, reflects the wide-ranging terms of reference.

THE PROCESS OF THE REVIEW

Garnaut was assisted in the work by a small secretariat from the Department of Foreign Affairs and Trade who managed the comprehensive data analysis which informed the report. His approach was to consult widely, undertaking extensive discussions with departmental heads who were invited by the Prime Minister to assist him with his review. Garnaut also had two meetings with the economic committee of Cabinet as well as separate meetings with industry ministers. He also held discussions with Opposition members and State Premiers, with particular interest being shown by the then Premiers Greiner, Goss and Bannon, and their officers.

While Garnaut did not invite written submissions, he did talk to those individuals and organisations which had expressed a view on desirable relations between Australia and northeast Asia, including the Business Council of Australia, the Metal Trades Association, the National Farmers Federation, several large industrial enterprises and individual members of the ACTU. Garnaut also visited each of the five Asian nations covered in his report.

REACTIONS TO THE REPORT

In commenting on the Australian Manufacturing Council's report, *The Global Challenge: Australian Manufacturing in the 1990s* prepared by the consulting firm, Pappas, Carter, Evans and Koop/Telesis, Garnaut noted the politics preventing the Council taking a strong view on opening up trade with northeast Asia. At the time of the release of the *The Global Challenge*, the AMC was headed by Bill Dix, the head of Ford Australia. Dix was seen by Garnaut as having a conflict of interest in allowing a report which encouraged reducing tariff barriers against his own company. Garnaut also saw Dix and his colleagues as being in conflict with their obligations under the Companies Code had they supported policies which worked against their companies, albeit in the short term. Garnaut saw his role as an academic adviser enabling him to have a special role in Australian society and to make comment free of the obligations of sectoral interest (personal communication Garnaut 1991).

Professor Frank Castles, Head of the Public Policy Program at the Australian National University, saw the period as one of conflict between economists of different views, with Garnaut as the epitome of the neo-classical economist with his characteristic stance on deregulation, while the members of the Pappas Carter group were institutional economists (personal communication, 1991). In Castles' view, the proponents of each perspective became locked into 'the struggle for objectivity' as they attempted to put their case for change in Australian industry. The AMC gave a broad brief to their consultants based on the Council's concern 'that in the absence of an increased trade contribution from manufacturing through import substitution and through a reversal of our declining share of world export trade, Australia's ability to maintain a strong position in the growing world economy would be in jeopardy.' (AMC 1990).

Castles (1990a) provided a comparative view of both the AMC and Garnaut reports. He argued that Garnaut's report overshadowed the AMC report because it supported the widely held view 'that we can dramatically increase our manufactured – particularly hi-tech – exports via the legendary "level playing field".' (Castles 1990a, p.30). The AMC report, however, 'tells us, such a strategy has been a failure.' (Castles 1990a, p.30). In his analysis Castles underlines the distinction made by the AMC report on the differences within the Australian industrial structure:

'We have been, and remain, a nation that lives by exporting the products of our primary industries. Of the approximately \$40 billion in goods we trade, almost exactly half are unprocessed primary products – greasy wool, wheat, mineral ores and the like. Of the remainder, around \$15 billion are partly processed primary products like refined petroleum, bulk raw sugar and aluminium. That leaves just under \$5 billion in the category of ETMs, or elaborately transformed manufactures – the car components, machinery, and hi-tech goods that fuel the economic growth of the advanced capitalist economies.' (Castles 1990a, p.30)

Castles goes on to confirm the AMC's view that it is Australia's weakness in the export manufacturing sector which is central to our present economic uncertainty. He therefore regards the AMC report as a realistic document, 'unlike Garnaut's blueprint', in that

'... it acknowledges the difficulties faced by Australian manufacturing and offers an industry-by-industry approach designed to achieve the

less herculean task of gradually cutting back the manufacturing deficit.' (Castles 1990a, p.30)

Castles' (1990a) suggests that 'perhaps most realistic of all, the [AMC] report starts from where we are rather than where we wish to end up' (p.30). He suggests that Garnaut's report is more visionary and therefore open to criticism because it does not provide immediate strategies for change. This suggestion seems to confirm Garnaut's own view that the review he carried out was not a 'one-off' consultancy but, as already mentioned, a broader attempt to 'tie down a perspective' in 'influencing public policy' (personal communication, Garnaut 1991). Castles also suggests that Garnaut's anti-protectionist report is consistent with the wider deregulation strategies he advocated for the Australian economy during his period as economic adviser to Hawke (1990a).

In commenting on the outcomes of his work Garnaut notes that 'the Report contains much detail and myriad conclusions and recommendations on particular issues' and that 'within this detail a few inter-related conclusions are more important than any others, and can be taken as central themes.' (1989, p. 6). In summary these themes are:

- that our European background and long democratic tradition provide opportunities to influence the shape of our relations in Northeast Asia in ways that are favourable to our own interests;
- as a nation of substantial but limited weight we have relevance to international discussions affecting our future;

- the disciplined force of our economic diplomacy should be placed behind efforts to secure open, non-discriminatory trade in the process of sustained rapid growth in Northeast Asia;
 - the importance of developing professional excellence in the management of our relations with Northeast Asia; and,
 - that we must accelerate progress in domestic economic reform, to build a flexible, internationally-oriented economy that is capable of grasping the opportunities that will emerge in the decades ahead.
- (Garnaut 1989, pp. 6 - 7)

As already noted above, in the public debate over the Garnaut Report it was often contrasted with the AMC's (1990) report, *The Global Challenge*, prepared by consultants, Pappas Carter Evans and Koop/Telesis (see, for example, Marsh, 1991). The decision by the AMC to engage consultants to undertake a review similar to Garnaut's, and to publish an interim report in the same month (October 1989) as the release of *The Northeast Asian Ascendancy*, is an interesting reaction, in itself, by industry to Garnaut's review. Clearly the Australian Manufacturing Council was concerned about the possibility of significant changes to the nature of Australia's international trading relations.

The Report met a mixed response from commentators in the media and in the academic world. Two of his colleagues in the Institute of Advanced Studies at the Australian National University, Mathews and Ravenhill (1990), criticised the Report. Mathews and Ravenhill saw five major weaknesses in the Report based on the key recommendation that Australia should unilaterally abolish all tariffs by the year 2000. They were:

1. The report's misrepresentation of the role of reciprocity in the GATT (General Agreement on Tariffs and Trade) regime.

2. The report's advocacy of a strategy of unilateral tariff reduction for Australia.

3. The Garnaut Report's under-estimation of the strength of the domestic political forces sustaining protectionism in Australia's trading partners.

4. The report's under-estimation of the difficulty in removing structural and cultural impediments to trade.

5. The report's caricature of industry policy (misguided attempts to pick winners or to protect lame ducks).' (Mathews and Ravenhill 1990, p. 12)

The arguments in favour of Garnaut's recommendations were, however, equally strongly put. Robertson (1990), a Senior Research Fellow at the National Centre for Development Studies in Canberra and former Deputy Director General at the Office of National Assessments, in a rejoinder to Mathews' and Ravenhill's article in the *Financial Review*, asserts that their view is 'unrepentant mercantilism – exports are good, imports are bad' (1990, p. 10). The argument in these articles challenges the assumptions relating to trade liberalisation and the choices nations make as they repond to such moves by their trading partners as those recommended by Garnaut. Notwithstanding his support of the Garnaut Report, Robertson (1990) notes that terms such as 'reciprocity' are 'slippery' when applied to different

perspectives on international trade (p. 10), suggesting that predicting the outcomes of increased free trade is fraught with complexity beyond simplistic analysis.

The conflicting perspectives drawn from economics and international relations are apparent in the Matthews and Ravenhill review of Garnaut, and Robertson's rejoinder to that review. The latter concludes his article with the suggestion that there are other issues at stake, beyond each of these perspectives; 'political games over tariff bargaining are not what trade policy is about. There are bigger games in town – with much higher stakes'. These are 'the power of comparative advantage and the positive-sum nature of trade liberalisation.' (Robertson 1990, p. 10).

In July 1990 the Australian Graduate School of Management (AGSM) provided a public policy forum on the Garnaut and AMC reports to compare and contrast what were regarded as the two primary perspectives on internationalising Australia's economy. With an impressive list of speakers representing academe, business, unions and government, the discussion at this forum gives a comprehensive analysis of Garnaut's Report, if only by contrasting it with the AMC Report. The editor of the special edition of the *Australian Journal of Management* in which the proceedings were published summarised the two reports as follows:

'There was a clear difference between the AMC and Garnaut reports on the linkage of further tariff reductions to micro-reform and to the development of industry policy generally. Garnaut proposed moving rapidly with tariff reductions, with all tariffs ended by 2000. The AMC proposed linkage of continuing tariff reduction to micro reform and other changes in work practices.' (Marsh 1991, p. i)

The Head of the AGSM, Professor Frederick Hilmer, provided a more comprehensive analysis of the similarities and differences between these two reports. Hilmer identified different policy directions out of the two reports. These are summarised in Table 9.2.

Table 9.2: Hilmer's contrasting policy directions (1991, p. 5).

Garnaut	AMC
1. Reduction in the protection beyond 1992 with a view to removing all protection by the beginning of the 21 st Century	1. Reduction in protection to levels comparable with those of most Western nations
2. Stable macro economic policy	2. Reforms to reduce impediments to industrial development
3. Significant encouragement of education and training and R&D	3. Positive measures to build more strong export firms

Hilmer believed that the strategic implications of tariff reduction are clear in the Garnaut report, more so than in the contrasting AMC report. This is consistent with Garnaut's view of his brief in undertaking this consultancy. He felt the media did not acknowledge the longer term view in his report, in particular that which relates to Australia's diplomatic role in the region and the importance of educating Australians for a role in Asia. The Garnaut view is recognised by Hilmer and incorporated in his analysis.

Hilmer also attempts to link the different policies recommended in each report while confirming the broader, national perspective of Garnaut's report. This linking is contrasted in Figure 9.1.

Figure 9.1: Contrasting links between policies recommended in the Garnaut and AMC reports.

Hilmer (1991) states that the basis for the Garnaut report is that it 'follows the tradition of the free markets' (p. 8), noting Garnaut's assertion that the level playing field has not yet been tried. As the head of a business school, with a private sector focus receiving strong support from AMC members, it is not surprising he appears in favour of their Report.

'In terms of micro economics, Garnaut appears comfortable with Schumpeter's idea of creative destruction. This accounts for a lack of concern with either the kinds of firms or the kinds of unions that might result from his policies. The AMC report on the other hand appears to have adopted the ideas of strategic trade, according to which intervention in a firm or industry can be justified if the costs of intervention are less than the benefits to the balance of trade and other externalities such as the developments of new skills or new areas of opportunity.' (p. 8)

Hilmer concludes his opening remarks by identifying the different empirical bases of the two reports; 'The Garnaut report concentrates on nations, and Australia's relationships in particular with countries in North Asia. The AMC report deals mainly with workplaces and enterprises, and seeks policies that can be linked either to impediments or opportunities at the level of the firm.' (1991, p. 8)

These two reports were born from different policy and political perspectives: Garnaut from the Prime Minister and the Department of Foreign Affairs and Trade; Pappas Carter et al and the AMC out of the Department of Industry, Technology and Commerce (DITAC). It may not be surprising, therefore, that they advocate different strategies to achieve the same goal of increased growth in GDP. It is fortuitous that both were released at around the same time. DITAC also works with companies and the focus therefore is appropriate.

Garnaut saw his report as the outline of a strategy for the long term. As already noted, he regarded the final chapters (Managing Official Bilateral Economic Relations; Knowing Asia and Being Australian; Migration, Education, and, Australia; and Northeast Asia in Each Other's Minds) as the important parts of his work. The preoccupation by the media and other commentators with the immediate trade and tariff implications of the Report was regarded by Garnaut as detracting from these important long term strategies.

SUMMARY

In terms of our framework for assessing policy consultancies Garnaut was provided with wide terms of reference to report on Australia's relations with northeast Asia. The latitude in these terms of reference is a reflection

of Garnaut's relationship with Hawke and Labor government ministers. The Prime Minister's and the Minister for Foreign Affairs' confidence in Garnaut's ability is reflected in the latitude in this brief. Managing a small team of able researchers from within the Department of Foreign Affairs and Trade enabled Garnaut to bring forward considerable information relating to Australia's current trading relations with northeast Asia. He was able to prepare a report that looked beyond immediate economic issues and address long term issues such as educational and wider cultural relations with the region.

Australia and the Northeast Asian Ascendancy is rich with information on the Northeast Asian region in terms of Australia's relations with the region. As an economist Garnaut interprets this information largely in economic terms. Through this perspective Garnaut presents the image of an essentially stable Australian economy located within a dynamic and growing Asian community. He concludes that Australia has no choice but to develop an international economic strategy which recognises the rapid growth and development of northeast Asia.

While Garnaut met with leaders in government and industry, both in Australia and in northeast Asian countries, these meetings can only be regarded as ritualistic as there appears to be little if any connection between these consultations and the general strategy found in his recommendations. It was as if Garnaut undertook these consultations as part of a legitimisation process for a view that was already held. Quite simply he recommended a set of strategies which were to assist in opening up Australia, in every sense, to its northeast Asian neighbours, in particular, and to the world more generally. Involvement of key stakeholders was difficult for Garnaut

because the whole nation can be seen as key stakeholders. His report has such implications.

While the strategies recommended by Garnaut were not new to the international relations community, they were innovative in the sense that this was the first time that a comprehensive assessment of Australia's position in terms of northeast Asia had been made in one report. In his report Garnaut was - as noted above - to tie down a perspective that had been central to discussions about the rationale for Australia's relations with northeast Asia. Yet Garnaut was to take his view beyond economic considerations to include, for example, cultural and educational aspects of these relations. The recommendations relating to these other aspects of Australian relations with northeast Asia were held in high regard by Garnaut who argued that economic considerations alone would not consolidate Australia's place in Asia in the long term.

Garnaut's *Australia and the North-east Asia Ascendancy* received widespread consideration in the public press, within academia and industry circles. It was a timely, comprehensive report in that it was to lead national discussion about Australia's future with east Asia and covered a range of issues beyond the narrow concerns of tariff policy. The AMC's report also provided a more specific focus on the individual industry implications of changing tariff regimes. Together these reports provided the basis for an informed debate on Australia's place in the world economy, with Garnaut's taking the widest, long-term view of the international opportunities for Australia and of how these might be realised.

CHAPTER TEN: TENSION AND COMPLEXITY IN PUBLIC POLICY MAKING

INTRODUCTION

In each area covered by the case studies discussed above the tensions and complexities in the policy choices before governments were deep and extensive. The decision to review existing policies and to do so with consultants playing a pivotal role suggests that the government's perception of the policy-making process appropriate for these reviews would encounter diverse political views. That they chose to adopt an unfamiliar strategy in these cases highlights the uncertainty facing the government as it sought solutions for the difficult issues before it.

THE DILEMMAS OF PUBLIC POLICY CHOICE

Each case study in this thesis represents a major area of the public policy choices which all modern governments have to make as they allocate the resources available for dealing with ongoing social and economic problems.

The choices can be seen from different perspectives. From the perspective of the disinterested observer each of the cases could be described as an apparently rational attempt by government to manage the changing nature of Australian society. From the perspective of those directly affected by the decisions of government the issues discussed by each consultant arose from the need to reconcile the many different demands that exist within Australian society. The tension between the disinterested observer's advocacy of a particular change and the protests about change by those most intimately concerned was what Hawke Governments in the 1980s had to manage. From an institutional perspective the government of the day also has to manage structural constraints, such as those found in the politics of

intergovernmental relations, and observed in the housing case study. Governments therefore have to manage both individual ideals and their manifestation as policy demands in conjunction with established norms and rituals arising out of entrenched institutions.

Each of these cases highlights the difficult political choices governments have to make in determining strategies for meeting new and changing social, economic and political issues. The discussion that follows will show that decision-making on such issues is fraught with uncertainty and emotion and that, despite the use of experts to review policy fields, political judgement is the final arbiter. Paradoxically, however, these cases also highlight the fact that the briefing of a consultant to review a particular policy field, in the first instance, during the agenda setting and problem formulation stages of the policy-making process, also later serves to legitimate the government's action. This is because the consultant can be presented as a disinterested expert, able to give advice at 'arms length'. Use of consultants in the search for a new policy approach thus to some extent allows for both 'rational' comprehensiveness in consideration of the issue and the inevitable political constraints since consultants can use both rational techniques of analysis and political judgement in developing and advocating their strategic shaping of the policy field and the political 'muddling through' more common in everyday policy-making.

The Social Security Review covered issues central to the functioning of the Australian welfare state (Jones 1991) since it was concerned with ways in which people are supported at times of need in their life cycle but it overturned many existing assumptions about individual rights to receipt of welfare funds. The change in assumptions about the role of the state in welfare issues was reflected in the move from a largely reactive welfare-

based system of social security to a more proactive system where individual and family support was more central and people were retrained so as to move into paid employment or were re-equipped for work in other ways through schemes such as Jobstart which would make them less dependent on the social security system (Castles 1989b). The ultimate right to social security benefits, of course, remained, since not everyone in need of support can move to paid employment, but the Review provided a major shift of policy emphasis toward developing strategies to reduce social welfare dependence with better targeting of those genuinely in need and a move to a more active 'welfare society'. This was done with the aim of improving the effectiveness of scarce public dollar expenditure.

The focus and recommendations of the Review of Australia's Immigration Policies had an economic focus similar to that of the Social Security Review in that the emphasis was on restating the economic benefits of immigration. Fitzgerald also argued, however, for a change in other areas. He recommended that migrants should make a commitment to Australia by becoming citizens and thus proposed that access to welfare and other benefits should be dependent on their taking up Australian citizenship. It was hoped that this could be done without losing sight of the important humanitarian motives that also characterise immigration policy in Australia. The economic importance of immigration has always been high: Australia's immigration program has always had the strong, if publicly understated, motive of economic reconstruction, especially after the second World War. In the late 1960s and 1970s this emphasis diminished as humanitarian and family reunion criteria for accepting migrants became more prominent.

Within the National Housing Policy Review political tensions surrounded the competition between long term economic policy goals and short term political advantages which could be gained through allowing rent rebates, tax breaks and direct subsidies for the private rental housing market. Through the use of economic consultants (Econsult) who showed the real costs of the payment of rental rebates rather than investment in public housing stock, the Head of the Review, Dick Persson, was able to ensure that the policy of maintaining sufficient funds for the continuing development of the public housing stock would continue and not be greatly diminished by rental rebate schemes for housing relief in an inflated private rental market. This Review was also less explicitly about Federal-State responsibilities in that the States had found themselves in difficult financial circumstances in relation to the provision of public housing, primarily as a result of the pressures from the financial markets, and their response to these markets by using Commonwealth grants to service debts.

The National HIV/AIDS Strategy was developed on the assumption that education and understanding of the disease, including full knowledge of the basis of its transmission, are far more effective in limiting the spread of AIDS than draconian attempts to control it through strategies such as mandatory reporting of people infected. HIV/AIDS was a health issue which had highly emotional overtones and thus held potentially significant political consequences for governments if they did not develop effective management strategies.

Garnaut's recommendations in *Australia and The North East Asian Ascendancy* that Australia adopt liberal trading and cultural relations with our fast-growing northern neighbours was based on a long term view that this was the path that the Australian nation would inevitably take for its

economic survival. It was inevitable that Australia would have to recognise the economic sophistication of these countries and work with them in open, competitive economic relationships. Garnaut's justification of a liberal trade strategy was used by the government to confront the objections to change made by industries which had existed for many years behind protective trade barriers.

PUBLIC SERVICE BUREAUCRACIES AND THE POLICY-MAKING PROCESS

The changing nature of public service bureaucracies in Australia over the decades of the 1970s and 1980s is an important factor in any discussion of the tensions inherent in the policy-making process. While they retained primary responsibility for the review of public policy over the period considered, these bureaucracies were themselves subject to changes which would impact on the way in which they served government.

In her consideration of these changes, Yeatman (1987) concludes that 'there are several tensions which arise as a consequence of the cultural orientation of public bureaucracies to scientific management.' (p. 351). The tensions she outlines are reflected in the case studies reviewed here. The three central tensions are:

'a tension within scientific management discourse itself, where a people/process orientation sits uncomfortably alongside an instrumental orientation to people as human resources and a tendency to reduce the organisational entities involved to calculable and ultimately financial inputs and outputs. The second concerns a tension between the open, merit-oriented and functional requirements of scientific management on the one hand, and on the other the necessity to maintain state domination over the political

process by arranging public servants within pyramidally arranged ranks, which are accorded different degrees of status and authority. The third tension concerns the sophisticated requirements of the modern interventionist state (in its welfare state and other guises) that public servants possess substantively rational as well as technically rational skills. This leads to a breakdown in the structural segregation of the technical intelligentsia and humanistic intellectuals, and introduces into the state itself the tension between the two cultures of these two components of the new class. The orientation of the public services to scientific management appears to favour the agenda of the technical rationalists and to disadvantage those of the substantive rationalists. However, the requirements of a sophisticated state apparatus may demand some degree of integration of these agenda in a fashion that makes it increasingly difficult to maintain them as separate and innocent of one another. This is also likely to make it difficult to institute the culture of scientific management in any thorough and systematic fashion throughout public services' (Yeatman 1987, p. 351)

Yeatman suggests that there are two types of public servant policy-makers: the 'technical-professional' and the 'substantively-oriented'. She notes that the 'technical flexibility, curiosity and openness of the professional public manager is extraordinary' but adds caution about the use of these qualities in policy making outside the technical areas of public management:

'The problem is that technical orientation of public managers can be used for any set of value commitments. In this respect the professional managers are relatively indifferent to which ends their

technical services are given. They are teleologically promiscuous.' (Yeatman 1987, p. 349)

It is the substantively-oriented manager who, Yeatman believes, will give direction to reform in Australian public sector management. These managers

'... are not at all indifferent to theoretical and analytical debates concerning strategies of redistribution and social justice, and the so called crisis of the welfare state. Many of these public servants are clearly committed to a conception of a public interest, which is not reducible to a sum of private preferences, but which refers to the life and needs of a community. Policy, in short, for these public servants represents collective response to collective needs; and their dialogical relationship to legal-rational authority is indicated in their willingness to debate and evaluate policies both through effective consultation with those members of the community involved and affected, and on the basis of rational judgement as to the logical coherence and empirical basis of proposed or current policies.' (Yeatman 1987, p. 348)

The latter were gradually gaining precedence over the former in senior public service functions during the Hawke governments when 'managerialism', the 'technical-professional', was actively engaged. Yeatman's implicit prediction that the policy-making process would be more volatile and uncertain as a result of the tensions she notes between these two groups appears now to be a permanent part of the landscape of Australian government and its administration.

The 'new classing' (based on higher education credentials (Yeatman 1987, p. 350)) of the Labor Party and the Public Service in the late 1960s and early 1970s brought together the technical intelligentsia and the 'humanistic' intellectuals with the latter losing ground. The 'scientific' skills of the technical perspective, reflected in some areas in what has become known as 'economic rationalism' (Pusey 1991), ultimately drove out approaches advocated by a more humanistic perspective. The tension between the technical and the substantive issues of governance challenged the effectiveness of the existing policy-making process where major issues are concerned. The use of consultants, who have a substantive orientation to the issues as well as the technical skills needed to undertake a comprehensive review, can be seen as the Hawke Government's response to a public service that had become predominantly technically rational in its orientation and where the notion of 'expertise' in a particular policy field had been devalued except where economic policy was concerned.

SOLVING WICKED SOCIAL PROBLEMS

As discussed in Chapter Two, there are two major kinds of social problems which public policy seeks to address. Also as mentioned in Chapter Two Rittel and Webber (1973) contrast the scientifically focussed 'tame' problems of natural science with the elusive 'wicked' social problems involved in decisions about the location of a freeway, adjustment of the tax rate or modification of the school curriculum. The problems or policy issues outlined in this thesis exemplify such 'wicked problems' and attempts at solution. Each case study is discussed in terms of these characteristics.

(a) Problem Formulation

The debates that surround issues such as the future of welfare programs, immigration quotas, the availability of public housing, health policy on

AIDS and the nature of Australia's trading relations with Asia are so complex and shifting that an exact formulation of the problems surrounding each issue is never possible. While the results of each consultancy gave rise to subsequent discussion by others (see case study chapters for examples of these) not even the consultants could provide exhaustive formulation of the issues. Each consultancy did, however, articulate the policy choices and tensions within each field in a way which then allowed major aspects of the policy field to be reformulated and addressed by political decision-makers.

Rittel and Webber (1973) assert that exhaustive formulation of the problem is not possible because 'the information needed to *understand* the problem depends upon ones idea for *solving* it.' (p. 161) The ideas for 'solving' these issues were all pervaded, to varying degrees, by successive Hawke Governments' deep concern for effective economic management. These economic concerns had to compete with the related political criteria for solving these issues drawn from long standing Labor ideas about the equitable redistribution of resources and about competence in government drawn up by the Party and expressed in its official platform. In the cases considered here the solutions placed great emphasis on 'economic' outcomes and it was therefore 'economic' information which took pride of place in understanding them.

In relation to the better economic management of the welfare field, suggestions made by the Social Security Review reduced the proportion of government outlays for welfare with minimal social dislocation by greater 'targeting' in areas of need while the new programs proposed also provided better prospects of future employment for the unemployed. The Immigration Review gave greater emphasis to the economic contribution

of future migration to Australia and the commitment to citizenship which new settlers should make if they were to receive the full economic entitlements that go with such status. The Housing Policy Review concerned the balance of long term versus short term goals and the financial contributions of the States to public housing. Garnaut's report, *Australia and the North East Asian Ascendancy*, was very much about the economic survival of the Australian nation in a region of dynamic economic growth and proposed to reduce tariff barriers so that industries and firms can compete with their Asian neighbours. The HIV/AIDS issue in the mid-1980s required attention as it was a complex politico-medical issue which institutional forces in the Australian medical profession sought to capture and manage as part of a wider strategy of professional response to governmental control of health. Equally important to the government, however, was the potential economic cost of HIV/AIDS, both directly through the treatment of those with the disease and indirectly through the loss of economic opportunities (see, for example, 'The AIDS time bomb', *The Age*, 1 Feb, 1992).

(b) Problem 'Solved'?

With 'tame' problems the problem-solver knows when the task is complete, which is when the problem is solved and 'there are criteria that tell when *the* or *a* solution has been found.' (Rittel and Webber 1973, p. 162). This was not the case with the issues considered by the consultancies in this thesis. Each changed the direction, or emphasis, of government policy in its particular field but none could be said to have concluded the debate over the issue. The formulation of the problems as 'economic' paradoxically meant that the success of policies was dependent on economic success. The latter, however, could not be ensured through adoption of the policies proposed since, with the exception of the Garnaut report, each only

addressed a small corner of the total field. In the Garnaut case, the issues were very long term and no immediate change could be expected in most areas of the economy.

The social welfare budget continued to be pressed by those unable to find work in an ever-changing and difficult employment market. That the approach in Social Security moved toward a labour market orientation away from a welfare approach did not, in itself, reduce dependency on welfare payments in the face of negative or very low employment growth.

This was also the case with public housing. The forces that placed pressure on the provision of long term public housing were powerful and enduring. High interest rates, continuing high levels of unemployment and the powerful lobby group constituted by the real estate and building industry in Australia placed great pressure on the government for an immediate injection of funds into the real estate sector through the use of long term public housing money for strategies that benefited the private rental market.

In terms of economic criteria, immigration policy in the late 1970s and early 1980s had matured. By that time there were sufficient migrants in Australia for their opinions to be of great interest to politicians. Yet the value of Australian migration over the previous twenty years was seen by governments to consist in its contribution to national economic development and security in a region where our neighbours number in the many hundreds of millions, many more than Australia's population. The migrant population in Australia had made, and continued to make, a significant contribution to the national economy, but their interests had begun to change, moving more towards greater concerns for reunion with

family members from their home country. This occurred at a time when Australia was facing strong international economic pressures and the skills and entrepreneurial flair of new Australians were needed more than ever. That the politicians and the media were very interested in the quotas which Fitzgerald and his Committee would recommend to the Government is indicative of this drive for an answer, a solution to the problem of immigration as means to economic growth or immigration as an end in itself. An inherent assumption prevailed that the task would be complete and that the process of review could stop.

The HIV/AIDS strategy was a public policy response seeking a solution to prevent the spread of the disease in the absence of a medical cure for it. The confusion caused by the arrival of a new and fatal disease and societies' limited experience with it led to strong community demand for certainty about ways in which to avoid infection. That an information and education strategy survived the conservative political forces demanding mandatory reporting was an important strategic outcome in the long-term management of the disease. This was the start of a policy-making journey that provided an important basis on which to limit the spread of the disease.

Garnaut's review of trade with North East Asia was an important catalyst in opening up a debate that was already an undercurrent in Australian society. That he advocated an approach that was broadly in line with the views of many community and business leaders provided an important legitimacy to the debate. That Garnaut also had the vision to look beyond basic trading arrangements and consider the wider cultural and social links with Australia's Asian neighbours is an indication of the high value of his work. As Garnaut himself acknowledged, his role was to further the debate and he

never believed he would provide a concluding position on the wide ranging and pervasive issue that is Australia's relations with its Asian neighbours. The changes advocated were seen as solutions by others in the policy field with different views, however, and it was their focus on solutions that provided the basis of often heated debate.

All of these cases are examples of policy responses to important changes in the social, political and economic context of government. Some of the changes can be seen as cyclical within long term trends. For example, the 'welfare' cases of social security and housing are about the welfare role of the state within a long term change that sees a reduction in government expenditure in these fields. The other cases show possible government response to change in amplitude over time in areas such as immigration, trade and the management of new diseases. All are cases of a government's responses to 'wicked' social problems which do not end and which are an inevitable and on-going part of the social and political landscape.

Thus while each consultancy 'stopped', in that it concluded its work with a formal report to the Minister, that did not mean that the problem was 'solved'. As noted in the first Part of this thesis, the policy-making process can be described as occurring in a number of stages (see Hogwood and Gunn 1984) which imply a beginning and an end to the policy-making process. This perception results from, amongst other things, demands from constituents, adversaries and program administrators for a solution to the problem. With solutions comes the assumption of problem eradication but in practice there is no eradication of wicked social problems of the type examined here.

(c) Effectiveness Measured by Values

Rittel and Webber (1973) note that there are established criteria for assessing whether solutions to tame problems are effective or not but this is not so with wicked problems where 'many parties are equally equipped, interested, and/or entitled to judge the solutions, although none has the power to set formal decision rules to determine correctness.' (Rittel and Webber 1973, p. 163). This was the case in the policy fields within each of the case studies outlined in this research since in each field the wide range of constituents each had a legitimate interest in that field. Many policy areas, especially welfare, are highly politically contentious. Welfare groups such as the Brotherhood of St Laurence and the Australian Council of Social Services, for example, were concerned about the impact of a shift in social security policies toward labour market goals on those genuinely unable to move into employment; the Ethnic Affairs Council was concerned about the impact of the reduction of family reunion immigration on migrants while the Business Council of Australia were concerned about a reduction in the skilled worker migration category; National Shelter, representing low income housing groups, was concerned about the possible reduction in the supply of public housing while State housing authorities were concerned about their ability to finance such housing; many industries, especially in manufacturing, are vitally interested in Asian access to domestic markets; while the Australian Medical Association is concerned with the reporting and professional accountability issues over HIV/AIDS. In each of the policy fields represented by the case studies the interested organisations clearly have different values and thus different views on the effectiveness of government policy within each field.

The popular press plays on and emphasises the diverse values held by different interest groups responding to the policy initiatives of government,

thereby creating much policy confusion. That these different values reflect the philosophical differences of each organisation is not always made clear in public debate surrounding policy changes. Highlighting these philosophical differences is typically left to third parties, such as academics, professionals and industry groups whose assessments are rarely given wide coverage in the popular press. While the media response to the case studies covered in this research was usually superficial each area of policy studied here also benefited from more considered, low key, media reports. This came about because each case was a systematic review over a lengthy period and included extensive public consultation and discussion, thus allowing the media to become better informed of the issues under review and to report more fully on the review process.

(d) Pre-testing 'Solutions'

Given the nature of wicked problems as defined by Rittel and Webber, there is no immediate and no ultimate test of a solution to a wicked problem. As they say

'For tame-problems one can determine on the spot how good a solution-attempt has been. More accurately, the test of a solution is entirely under the control of the few people who are involved and interested in the problem.

With wicked problems, on the other hand, any solution, after being implemented, will generate waves of consequences over an extended - virtually unbounded - period of time.

the full consequences cannot be appraised until the waves of repercussions have completely run out, and we have no way of

tracing *all* the waves through *all* the affected lives ahead or within a limited time span.' (1973, p. 163).

This idea can be traced back to the work of Merton (1936) who coined the term 'unintended consequences' for such cases.

The issues in most cases here arose from the vagaries of the wider social, political and economic context in which these initiatives were played out, a context that became more problematic in that it included elements beyond national borders, decreasing the power of government to manage via conventional public policy instruments.

The Social Security Review recommended numerous specific changes to eligibility and the quantum amounts which beneficiaries were to receive. All changes were included within the strategy of increased targeting of eligible recipients and the opportunity for increased training for employment for appropriate welfare beneficiaries. The test of these strategies relied heavily on the actions of the labour market more generally and, in particular, on an increase in job growth. That there was no way of knowing how these would change meant there was no immediate and ultimate test of the solutions advocated.

The National Housing Strategy had as one major outcome the Commonwealth State Housing Agreement, which committed the Commonwealth to ten billion dollars of assistance via matching grants with the States and Territories over a ten year period. How the States would react over time to this new strategy was largely unknown, however experience suggested that there was every possibility that they would look for loop-

holes within the new agreement that would, as in the past, minimise their contributions.

The Immigration Review recommended ratios for categories of migration and suggested overall ceilings for the annual program in the years following the Review. Immigration is both an instrument and a beneficiary of economic growth. Skilled migrants assist in the creation of economic wealth which in turn creates opportunity for compassionate migration such as occurs with family reunions and refugee migration. Notwithstanding Fitzgerald's argument that migrants should make a greater commitment to Australia by taking up citizenship before receiving welfare benefits, the ultimate political acceptability of this solution would be the government's ability to vary, and in particular reduce, annual immigration intake figures should it see a need to do so.

While Garnaut's report was, in comparison with the other cases, the least specific in setting program outcomes – except for the abolition of tariffs by the turn of the century – it made recommendations across a wide range of areas for opening up relations with Australia's northeast Asian neighbours and with nations well beyond this part of the world. The subsequent debate on tariff policy – taken up in part by the Federal government-supported Australian Manufacturing Council, which focussed more on the mechanisms of implementing more liberal tariff policies – highlighted the inability of the consultant to test the impact of tariff reduction. Thus, it was inevitable that Garnaut's Report would be subject to widespread criticism in the community.

The inability to predict with confidence the outcomes of a particular policy choice highlights the exercise of judgement as the main decision-making

strategy in government as Ministers attempt to balance the impact of change in society and to provide direction consistent with the governing party's philosophical position. Consultants' reports provide an authoritative air to change within a policy field which helps to discount the inability of policy makers to pre-test options.

(e) No Chance for Learning: The Dilemma of the 'One Shot Operation'

Opportunities for experimentation with social policy are severely limited by the fact that *'every implemented solution is consequential. It leaves "traces" that cannot be undone.'* (Rittel and Webber 1973, p. 163). Experimentation is also limited by factors such as ethical constraints and the administrative costs of restructuring the bureaucracy responsible for implementation.

The severe limitations on opportunities for experimentation were clear in the Social Security Review. For example, the review of income support for the unemployed in Australia, which was submitted in 1988, proposed the introduction of a number of strategies to improve assistance to the unemployed, including NEWSTART and the 'Job Search Allowance'. Minister Howe's call for 'submissions from interested individuals and organisations on possible directions for reform of the unemployment system' (Howe 1989, p.1) at the time of the release of the report on income support provided limited opportunity for experimentation because the policy options had largely been determined. The responses to this call for submissions, however, provided an invaluable source from which the Department could fine-tune the recommendations arising out of Cass' Review. In fact, the report on income support was not published until 1989, when the initiatives were largely in place. This stalling behaviour can also be seen as an attempt by the Department to 'get it right' before publishing the Report. Their 'staged' approach was characteristic of much of the Social

Security Review and, in terms of Rittel and Webber's concerns about limited opportunities for learning with the 'one-shot operation', appeared to be an effective way of dealing with public policy choices when there were limited opportunities for experimentation as there was general acceptance of these new policies in the community.

The dilemma of the one-shot operation is also evident in Fitzgerald's review of Australia's immigration policies. Fitzgerald faced severely limited opportunity to test the impact of changing the ratios between immigration categories as he recommended. The success of the balance of an immigration program comprising economic, family and humanitarian criteria is dependent on many factors which include labour market as well as affective family and cultural factors. While Fitzgerald commented on the relative importance of these factors, he could only do so in broad terms. The significant change to immigration policy advocated by Fitzgerald was the importance to be placed on citizenship and the commitment which new Australians were prepared to make to the country. This commitment to Australia was central to the recommendations relating to the total size and the nature of Australia's immigration program. Whether the requirement for such an undertaking would deter prospective migrants, for example, or whether it would have no impact had to be guessed rather than assessed.

The National Housing Review was also greatly affected by the dilemma of the one-shot operation. The changing use by the States of Commonwealth funds for public housing for debt servicing, a factor which gave rise to the Review, is an example of an unintended consequence arising out of the then existing CSHA. One strategy used by Persson for addressing limited opportunities for learning, as his Review framed alternative approaches to Federal and State responsibilities for housing, was to engage other

consultants to undertake systematic reviews of aspects of Commonwealth involvement in housing. This included modelling the impact of alternative strategies, such as is found in the consultancy carried out by Econsult (*Report on Cost Effectiveness of Public Housing and Housing Allowances*) on behalf of the Review. That the major outcomes of Persson's Review were to be framed in a revised legislative agreement between the Commonwealth and the States also limited opportunities for learning. The act of specifying in a legal instrument a detailed course of action has the effect of excluding at least some future strategies necessary to deal with unanticipated events and the opportunity for 'policy learning'. The revised CSHA and FHOS arising out of the National Housing Review was a relatively narrow outcome in what is a much broader policy field, if one is to consider, for example, the impact of changes to the private sector rental market on public housing. It is not surprising, therefore, that another review of housing soon became necessary: the National Housing Strategy in 1991 had wide ranging terms of reference and was an approach to policy review similar to that found in the Social Security Review.

Garnaut's report, amongst other things, called for more liberal trading arrangements with the north-east Asian 'Tigers'. The reduction of tariff barriers coupled with better education and training initiatives to increase greater understanding in the Australian community about the development potential of working with our north-east Asian neighbours was presented in more general terms than in other case studies covered in this thesis. His was a broad-brush approach to the policy issues concerning Australia's place in the world and, in particular, in Asia. It aimed at creating a debate and criticism of its stance in the subsequent public discussion was an outcome with which Garnaut was pleased. Garnaut's 'shot' contained many pellets that spread far and wide.

In contrast, Reid's development of Australia's HIV/AIDS Strategy was very specific in her recommendations to government on steps to take in dealing with this new disease and two alternatives were available for policies for the HIV/AIDS issue. One was mandatory reporting of those infected, the other was to provide support to those infected, along with education and information to those most prone to infection. Reid's success in developing a compassionate, educative strategy in working with government agencies and those sections in the community most at risk to ensure that the HIV/AIDS issue was not captured by conservative medical forces is a primary reason why Australia has one of the world's best health records for the success of policies coping with HIV/AIDS for high-risk groups (Wodak 1991). While the overall strategy of education and assistance was accepted by government, this strategy was nevertheless subject to political decisions regarding the nature of representation from various groups and their role in organisations established by the Government to oversee the management of the strategy.

(f) An Unlimited Range of Solutions

The nature of the wicked problem means that 'there are no criteria which enable one to prove that all solutions to a wicked problem have been identified and considered.' (Rittel and Webber 1973, p. 164). The range of possible solutions is unknown and therefore unlimited. The policy maker must therefore make a '*judgement* [as to] whether one should try to enlarge the available set or not. And it is, of course, a matter of judgement which of these solutions should be pursued and implemented.' (Rittel and Webber 1973, p. 164)

In public policy some strategies, or 'moves', are more acceptable at any given moment than others. Radical strategies are usually avoided because, amongst other things, implementation is problematic and there are often unintended consequences (see Merton 1936 and Boudon 1982). The cost of administration, for example, often ignored in policy adoption, frequently outweighs the benefits from anticipated outcomes and is a reason for bureaucratic antipathy to change. The 'solutions' identified in each case study considered here were more radical than most policy initiatives proposed since the mid 1970s and represented significant policy change in their fields. It is suggested here that making such recommendations through 'rational' procedures legitimises the changes and may diminish criticism of radical proposals.

While it can be argued that strategies used by other western governments in similar fields were the basis for the 'solutions' recommended in each case (as for example, in the Social Security Review, where North American approaches to retraining and employment provided a set of solutions for the Australian situation (personal communication Meredith Edwards)), in all cases the solutions recommended by each consultant were based on an exhaustive analysis and search process and were significant in comparison with bureaucratically initiated change in each field in the years preceding each review.

In such situations of uncertainty trust between players is of paramount importance and has generated a considerable literature in recent years. Rittel and Webber, for instance, note that in

'... fields of ill-defined problems and hence ill-definable solutions, the set of feasible plans of action relies on realistic judgement, the

capability to appraise 'exotic' ideas and on the amount of trust and credibility between planner and clientele that will lead to the conclusion, 'OK let's try that.' (1973 p. 164)

One means to establish such trust is the use of recognised 'expertise' in the appraisal of the area. Each consultancy was in a policy field which contained many ill-defined problems and thus undefinable solutions. Yet each consultant reviewed, advocated and set about implementing relatively radical solutions. They were also able to competently appraise the policy field, providing a comprehensive basis for their recommendations, assisted by the highly capable sources of advice in the country. Their expertise, widely recognised in the community, was an important basis for the acceptance of many of their proposals.

The Social Policy Division of the Department of Social Security provided Cass with one of the best 'think-tanks' on social policy in Australia. In the absence of a similarly strong research capacity within Health, Housing and Community Services, Persson went out and got advice from the best analysts from the CSIRO and private consulting firms. Fitzgerald was well assisted with departmental staff as well as academic researchers and private consulting firms who undertook a number of sub-consultancies. Reid made great use of departmental staff and other consultants while Garnaut used a small team of academics and bureaucrats from within the Department of Foreign Affairs who worked full-time to provide extensive information for the review and who assisted in the writing of the Report.

In dealing with 'wicked problems' extensive analysis at the outset is important in several ways. First, it provides a good idea of the general nature of potential solutions. Second, and this is politically important with

all wicked problems, extensive analysis by government or its agents manages the issue by not allowing political opponents to undertake this analysis thus revealing limitations in the original analysts' work. Thirdly, if the analysis is also done in an open manner, the process allows others to observe and comment along the way, rather than at the end when there is limited opportunity for negotiation over solutions and resentment may impede agreement. The case studies considered here indicate that the extensive use of discussion papers surrounding key reports in all of the consultancies is an effective strategy for managing reviews of difficult areas of public policy.

(g) Unique Problems

The complex role of the state in securing the social well-being of its citizens presents the government of the day with unique problems. It can be argued that in the 1980s each of the cases reported in this thesis was 'essentially unique', in that, 'despite long lists of similarities between a current problem and a previous one, there always might be an additional distinguishing property that is of overriding importance.' (Rittel and Webber 1973, p. 164). Two distinguishing properties which might be of overriding importance are the internationalisation of the world economy and its impact on Australia's declining economic status in relation to the rest of the world, especially in relation to its Asian neighbours. In addition, HIV/AIDS was a new health phenomenon to the extent that it was incurable, affected only certain sections of the population and had high moral content.

(h) Related Problems

As Rittel and Webber (1973) note, 'the process of resolving the [policy] problem starts with the search for causal explanation of the discrepancy [between the current and the desired]. Removal of that cause poses another

problem of which the original problem is a "symptom" (p. 165). In turn, a given problem can be considered the symptom of still other, 'higher level problems'. The higher level problem reflected in the case studies covered in this thesis is a particular set of governments' political survival within a volatile economic context. At a 'lower' level there are other and conflicting interpretations of cause and effect, typically made by those individuals and institutions directly affected by the outcomes and strategies advocated by, in these cases, policy consultants. For example, social welfare groups focussed on the growing number of welfare recipients and the levels of welfare funding; state housing authorities are concerned about the balance of Federal versus state funding for public housing; industry groups are concerned about the threat of cheap imports competing with Australian made products. Ethnic groups are concerned about the rights of their extended families in choosing to live in Australia, and so on. The result is that establishing causal chains linking the different levels of policy problems is politically problematic. The rational-comprehensive discourse, the rhetoric of government and its administration, assists policy makers because it sets boundaries within which problems can be more carefully analysed.

Rittel and Webber also comment on the nature of incremental decision-making in relation to the perception by policy-makers of the issue being a symptom of another, higher level problem. The aim of incremental decision-making is to contribute 'systematically to overall improvement. If, however, the problem is attacked on too low a level (an increment), then success of resolution may result in making things worse [overall]' (1973, p. 165). The consultancies in this research made recommendations, some of which were seen as radical, while others were incremental in nature. All attempted to address the higher level problem of political survival within a

context of economic constraint and consciousness-raising in relation to the particular policy issues.

The move by successive Hawke governments to using more market-oriented, 'smaller government' mechanisms, philosophically based on particular notions of efficient and effective economic management, made it difficult for the conservative opposition forces to challenge the programs of the ALP Government. The view put by Keating himself at the time of his Government's 1993 re-election was that 'we [the ALP] had grabbed the middle ground and that lot on the other side had no where to go' (*Canberra Times*, 23 March). This assertion suggests that the government was able to address higher order problems central to the heart of 'middle' Australia. The ALP's degree of success in managing 'higher-level' economic problems is identified in the case studies outlined in this thesis.

The multiple pressures from the wider economic and political environment meant that each policy review had, and still does have, critics who view the consultants' work as too limited because they do not address some important, wider contextual issues. For example, some criticised Cass' work for not considering related issues such as tax policy and housing arrangements, although as mentioned earlier, housing was deliberately left out of the Social Security Review by Minister Howe, against the advice of Party supporters (personal communication, Patrick Troy, Urban Research Program, ANU). Conversely, Fitzgerald's review was comprehensive in that major issues relating to immigration were included in his review but negative public reaction to his 'Commitment to Australia' theme was taken up by the then Opposition with Coalition spokesman on Immigration, John Howard, raising deep-seated racial issues relating to migration (see *The Age*, 5 August, 1988, p. 13). Howard was concerned about issues of integration

arising out of a more multi-racial migration program, a stance which was to further confuse the wider community about the government's rationale for a multicultural approach to migration.

Some problems of related issues also arose in housing. During the National Housing Review the States saw their declining financial capacity to provide for long-term public housing as a symptom of a more general decline in federal funding for State programs. The Commonwealth State Housing Agreement which arose out of Persson's review tied the Commonwealth, State and territory governments to particular financial arrangements. In the provision of public housing this stabilised the problem of declining federal funding which was having an adverse impact on Australian inter-governmental relations in this policy field.

Garnaut's view that his contribution with *Australia and the North East-Asian Ascendancy* was significant because it addressed a broad range of cultural, diplomatic and educational issues beyond the immediate concerns of international trade, acknowledged the way in which these broader issues ultimately impact on the trading relationship. That in its reply to Garnaut the Australian Manufacturing Council did not consider these broader issues, choosing to down play them in its Report, could be seen as a lack of preparedness to acknowledge the relationship between the symptoms of a particular problem, in this case the level of tariff, and higher-level problems such as Australia's declining international competitiveness. Garnaut's wider perspective is one reason why his Report still maintains a relatively high profile in discussions surrounding Australian trade in general and Asian trade in particular some years after its publication.

Of all the case studies, Reid's development of the HIV/AIDS policy is the consultancy most subject to criticism for not addressing higher level problems. That the HIV/AIDS disease was closely associated with the life style of particular groups made it politically problematic: indeed, the reactions of the conservative right wing State government in Queensland, which demanded mandatory reporting of people presenting as HIV positive, amongst other punitive measures, prompted a Federal Labor Government to act sooner than it otherwise might have done. As Rittel and Webber (1973) note, 'members of an organisation tend to see the problems on a level below their own level.' (p. 165). This suggests that decision-makers look to resolve sub-components of an issue probably because it is intellectually and emotionally easier to work on parts of the problem than on the problem in its totality. It is not surprising therefore that a conservative Queensland government, for example, might focus on control aspects of the disease, rather than on solutions that challenged the community to better understand the disease and to have compassion for those infected individuals and their families trying to cope with their situation.

(i) Perception Determines Solution

Rittel and Webber (1973) argue that 'the choice of explanation is arbitrary in the logical sense. In actuality, attitudinal criteria guide the choice.' (p. 166). While the choice of explanation of the issues identified by the consultants in the case studies was through rational-comprehensive methods they also exercised judgement in determining just what was to be analysed. Additionally, in making recommendations to government policy consultants ultimately exercise judgement. That policy recommendations are based on extensive empirical analysis reduces the opportunity for criticism by political adversaries about the 'choice of explanation' of the

issue by policy makers. In each case consultants had considerable latitude, through broad terms of reference, to determine the way in which they would explain each issue. That they all chose rational-comprehensive methods contributed to their political success.

Criticism of Cass' choice of explanation of the causes of the problems surrounding her review – comprehensive demographic analysis of the changing nature of welfare recipients – came from quarters who saw the problems of the disadvantaged as being symptomatic of more fundamental social inequalities which were ignored (personal communication John Tomlinson, then Secretary, ACT Branch of the Australian Council of Social Services). Nevertheless, the 'targeted' approach to social security, with its increased emphasis on job search and employment training, was accepted by social welfare groups who saw Cass' approach as the lesser of two evils when compared with the strategies advocated by conservative political forces.

The powerful migrant lobby groups perceived migrants' commitment to Australia in a different light to that used by Fitzgerald and his Committee. In the lobby groups' view the importance to individuals and their families of the family reunion criteria went beyond national economic concerns and the requirement for a citizenship commitment to Australia. They felt this commitment was above and beyond their already substantial commitment to Australia via their productive economic efforts and was an unacceptable slight to the migrant community. This tension was aired outside the Government's review process by the Opposition spokesman on Immigration, John Howard, who was arguing at the time that multiculturalism had gone off the rails. Senator John Stone, from the Queensland National Party, was also saying that Asian migration would be

slowed down under a Liberal-National Government (see Centre for Immigration and Multicultural Studies 1988). The attitude of conservative parties led to an explanation for choosing an immigration program that focussed, primarily, on the economic rationale for immigration.

The choice of 'explanation' of the issues surrounding the National Housing Policy Review had a clear and significant impact on the provision of housing for those unable to finance the purchase of their own home. The choice was economic forecasting to predict the availability of public housing into the future given changing policy strategies. On the basis of this analysis the capacity of the private rental market to ensure appropriately priced housing stock versus the capacity of State housing authorities to provide publicly funded accommodation became clearer for policy-makers. Persson's review thus chose to explain the issue in terms of various policy options for the long term supply of public housing stock. He concluded that the mix of both private and public sector housing provision was necessary to ensure low income housing was available as market forces, over time, inevitably affected the supply and demand for housing.

Garnaut's choice of explanation of Australia's relations with its northeast Asian neighbours was based on an extensive, long term view of national identity in the region. With its British colonial heritage and an economic base built up around the export of commodities with low value-added, manufacturing in an Anglo-Saxon culture Australia was not well placed to increase its presence in Asia, Garnaut believed. He took the widest possible approach, including in his analysis such national characteristics as our system of government and our education system as bases for improving relations with our Asian neighbours.

Elizabeth Reid chose to 'explain' the HIV/AIDS pandemic with compassion and understanding. It was largely as a result of her personal style as an equal rights campaigner (see Scutt 1987) as well as her personal experience with the disease, that gave her an unshakeable conviction in this direction. Supported by a Health Minister and his staff who held similar values, Reid was able to 'explain' the issue in a way which ultimately made all Australians more aware of their individual responsibilities in managing the disease. This was not the case with right-wing politicians in Queensland who chose to explain the disease as an outcome of unnatural and therefore illegal acts. Their choice of explanation led them towards a punitive, legal solution.

Rittel and Webber (1973) suggest that, 'the analyst's "world view" is the strongest determining factor in explaining a discrepancy [between an outcome and the prior assumptions the analyst held about resolution] and, therefore, in resolving a wicked problem.' (p. 166) All of the consultants discussed here had a world view that was consistent with that of the government that engaged them, favouring the general philosophy of the Australian Labor Party. All were, or had been, members of the ALP (except Reid, who thought she had been a member in her youth but not in her adult life). Fitzgerald, Persson, Garnaut and Reid had all held senior bureaucratic positions under Labor governments. They all espoused long term strategies of reform which were consistent with the overall direction adopted by the Hawke governments who appointed them. In this sense, therefore, the choice of consultant increased the likelihood that particular policy options would be proposed.

(j) Social Planners Cannot Experiment

Finally, in their exposé of the wicked problem Rittel and Webber (1973) argue that the social planner has no right to be wrong, in the way that the natural scientist can be. The latter offers hypotheses which the scientific community attempt to refute abiding by the laws of scientific research. The concept of 'proof' does not enter into the discussion, only possible refutations. On the other hand, social planners 'are liable for the consequences of the actions they generate; the effects can matter a great deal to those people that are touched by those actions.' (p. 167) As noted above (pp. 241 - 243) there is no opportunity for experimentation in the solution of wicked social problems, 'the planner has no right to be wrong.' (Rittel and Webber 1973, p. 166)

The outcomes of the consultancies reviewed in this thesis impact on all Australians in one way or another. The importance of 'getting it right', that is, creating a perception that problems had been thoroughly dealt with was clear in the continuing debate surrounding these reviews. There was an implicit expectation from politicians, bureaucrats and key stakeholders within each policy field that the consultant would get it right. Their high status as experts in the field in which they undertook their review was also a basis for others to accept that they would 'get it right'.

TOP-DOWN AND BOTTOM-UP DECISION-MAKING: A SUCCESSFUL MIX?

As already noted in this thesis (p. 51), Sabatier suggests that 'the top-down approach [to policy formulation] is useful, first, in cases where there is a dominant public program in the policy area under consideration or where the analyst is solely interested in the effectiveness of a program. On the other hand, in policy areas which necessarily involve a multitude of public and private actors - the bottom-up approach is more appropriate'

(Sabatier 1986, p. 36). In all the cases reported here the decision to review policy or initiate new policy was primarily driven by the relevant Minister and, more generally, by the policies of the ALP, reflecting the government's concern for more competent economic management. Each consultancy was thus more characteristic of the 'top-down' rather than the 'bottom-up' approach to policy formulation (Sabatier 1976). Nevertheless, the period immediately after the presentation of the consultant's report left room for the influence of other parties and constituencies and thus a more a 'bottom-up' approach as each case moved to implementation phase. Sabatier observes that the interaction of top-down and bottom-up approaches leads to 'a process of policy learning by program proponents, as they [discover] deficiencies in the existing program'. This was apparent in each consultancy.

In the consultancies covering clearly defined policy arenas there was a dominant public program in place, in particular in Social Security, Immigration and Housing. In the area of relations with North East Asia and in the development of the HIV/AIDS a dominant policy was less clear and a number of policy areas turned out to have a keen interest in Garnaut's report, notably the Department of Foreign Affairs and Trade, but also the industry sector and, to a lesser extent, the education portfolio.

Considering the epidemiological aspects of the new disease it was inevitable that there would be 'policy learning' with the HIV/AIDS issue. The Hawke Government's relatively early response to recognising and actively managing this issue was primarily motivated by the political need to be seen to be actively managing this health issue in the face of potential public hysteria whipped up by a conservative Queensland government and others with similar views. In the HIV/AIDS area Reid supported an extensive consultative process. She had six 'consultative working panels' established

'to provide a forum for public consultation on key HIV/AIDS issue arising from the policy discussion paper, *AIDS: A Time to Care, A Time to Act*' (from the foreword of the report of each working panel).

In all cases reviewed here the strategic directions were determined by the consultant. Agreement with the issues selected as strategic on the part of different interest groups is a measure of the competence of the policy analysts in framing the 'problem' in the eyes of interested parties. While different parties have different views regarding implementation strategies, or solutions, the closer agreement is on the general problem the better the chance of a successful first step in determining solutions. The process of review employed by the consultants allowed for closer public agreement from interested parties on the problem than would have been the case with more traditional reviews using the more adversarial structures of public administration. The 'bottom up' contribution was thus an essential component of the success of the options selected as the ground work had been done.

CONSULTANCIES AND POLICY-MAKING IN STAGES

Hogwood and Gunn's (1984) framework of the stages of the policy-making process provides a useful model for the assessment of the importance of the role of each consultancy in its policy field. Table 10.1 provides a general assessment of the focus of each consultancy in terms of the nine policy-making stages. The table specifies whether the consultant's work strongly influenced the particular stage of the policy-making process in that policy field. While there are difficulties with a crude yes/no classification for each consultancy the interpretation is that each consultant's work focussed principally on the early and middle stages of Hogwood and Gunn's typology. This comparison suggests there are a number of similarities

among the consultancies and thus provides a better understanding of the rationale for using consultants in public policy-making.

Table 10.1 The Focus of Each Consultancy on the Stages of Policy-making

	Social Security Review	National Housing Policy Review	Report on Aust's Immigration Policies	National HIV/AIDS Strategy	North-east Asian Ascendancy
(1) Deciding how to decide (issue search or agenda-setting)	YES	YES	YES	YES	YES
(2) Deciding how to decide (or issue filtration)	YES	YES	YES	YES	YES
(3) Issue Definition	YES	YES	YES	YES	YES
(4) Forecasting	YES	YES	YES	YES	YES
(5) Setting objectives and priorities	YES	YES	YES	YES	YES
(6) Options analysis	YES	YES	YES	YES	YES
(7) Policy implementation, monitoring, and control	YES	YES	NO	NO	YES
(8) Evaluation and review	NO	NO	NO	NO	NO
(9) Policy maintenance, succession, or termination	NO	NO	NO	NO	NO

The table highlights the consultant's role early on in the agenda setting process, through the issues search, clarification and definition stages. Combined with the comprehensive level of analysis undertaken by each consultancy a management agenda was set for the way in which each issue was implemented. This agenda gave greater definition to the issues surrounding each policy field providing clarity to those responsible for

implementation, monitoring, evaluation and review. Policy consultants then are very much concerned with the strategic aspects of policy making in that they set the agenda by focusing on the early stages of the Hogwood and Gunn typology and they give direction to the way in which the policy will be implemented by the thorough and systematic way in which they go about their consultancy.

MANAGING POLICY CHANGE: THE POSSIBILITIES OF GOVERNMENT ACTION

In Chapter Three a typology for identifying the possibilities of government action in managing policy change was outlined. This typology suggested two criteria as central in determining selection by government of ways to develop new or review existing policy. These criteria are the degree of policy change desired and the level of entrenchment of institutional forces surrounding the policy issue. Using this typology we can review each case study to determine whether the use of consultants to manage policy was an appropriate strategy for Hawke governments.

(a) Degree of policy change desired

The government desired a relatively high degree of change within the policy fields covered by each case study. While determining the relative strength of the desire for change was not part of the research effort reported in this thesis, it is clear from the terms of reference for each case study and the work of each consultant that significant rather than incremental change was the goal of each.

(b) Entrenchment of institutional forces surrounding the policy issue.

Three of the five cases reviewed clearly represent long standing policy issues with deeply entrenched institutional forces – namely social security, Commonwealth-State housing arrangements and immigration. Issues of

Australia's relations with Northeast Asia and the management of the Human Immunodeficiency Virus and the resulting AIDS disease were relatively new issues in their policy field but both within the Departments of Foreign Affairs and Health there were considerable long standing attitudes and links with interests with representative institutions that could be regarded as being more deeply entrenched than were associated with these two more recent issues. The most obvious attitudes were reflected in the way in which the bureaucracy was structured to represent, for example, existing international relations and infectious diseases unlike HIV/AIDS.

In the social welfare field there are many deeply entrenched interests with strong institutional representation. The Department of Social Security, religious organisations, the Australian Council of Social Services are three major interest groups in this field. In public, or affordable housing, the Commonwealth Department of Health, Housing and Community Services along with state housing authorities and the Real Estate Institute of Australia represent large and powerful interests who are deeply entrenched in their stance on housing related issues. Immigration is also characterised by strong interests in the Commonwealth Department, the ACTU and the large, well organised and politically powerful, ethnic community. While Garnaut's review of the impact of the Northeast Asian ascendancy on Australia covered a diversity of issues including trade, education and international relations policy it was the deeply entrenched interests around trade policy, from the Commonwealth's [at that time] Department of Industry Technology and Commerce's Australian Manufacturing Council to the ACTU and the Business Council of Australia that advocated less liberal tariff policies than Garnaut.

Thus all of the cases reviewed were in policy fields where both significant policy change was desired and interests were well entrenched and represented by a range of well established institutions. In terms of the typology of possibilities for government action in managing policy change outlined in Chapter Three the choice to use consultants to review policy largely outside of existing institutions was an effective strategy for change in each policy field.

SUMMARY

In Chapter Two we contrasted the relationship between the problem and the decision-making process using Rittel and Webber's (1973) continuum of the wicked versus tame problem, with the continuum of the incremental decision-making versus rational-comprehensive strategies. The proposition being that the use of consultants is an attempt to maintain congruence, or in public policy terms, provide legitimation to the review process. This relationship is depicted as in Table 2.1.

All of the issues managed by the consultants are, as already outlined above, essentially 'wicked' problems, because they are never 'solved' and as such remain as issues in contemporary Australian society. The political imperative is to present the image that the government of the day is in control of these issues. Therefore the strategy of engaging an expert consultant is to present to the community that the issue is being managed as per box one, that is, as a known problem being managed within a quasi-scientific manner. The process of legitimation through the acknowledged expertise and rational analysis that the consultant brings to the issue is a valuable and important political asset that government seeks.

Articulating the issue through comprehensive analysis legitimised the recommended strategies under the pretext that they were, in fact, tame problems which could be dealt with in a knowable solvable way. Had attempts to solve these issues been undertaken by the traditional administrative processes and structures they would have been constrained by the demands of immediacy of that system and thus labelled as incremental solutions as the perception of policy-making around wicked problems is that it is largely incremental. The attempt to move decision-making from the fourth to the first box in this typology is an attempt at legitimisation. It is a particularly attractive strategy in periods of uncertainty and change.

Therefore the relationship between the mode of operation of the consultant and the outcome they provide is all important. That each consultant proceeds to apply rational techniques of analysis, sometimes via sub-consultancies, or what has been described earlier in this thesis as contractors, is an important strategy. By these actions they are demonstrating, not the least to their political and administrative masters, that they are containing the issue in rational discourse. It had thus become knowable, and therefore solvable, was the implicit image presented to the wider community.

Each consultancy presented considerable amounts of information, usually in the form of working papers and sometimes in the final reports that demonstrated this rational analysis. In all cases information about each issue was presented so as to support the position of government. Social Security Minister Howe, for example, was able to, in relative terms, reduce social security expenditure. Fitzgerald was able to counter the increases in family reunions with the necessity of economic and refugee migration - if

not in sheer numbers then certainly in terms of respectable ratios between these categories. Persson was able to legitimise the long term investment in public housing in terms of current outlays versus the cost of 'catch up' strategies such as rent rebates. Reid was able to provide projections on the likely spread of the HIV/AIDS disease if nothing was to happen, although this strategy was not a deliberate overt position, rather an outcome of more knowledge surrounding this issue. Garnaut was to argue for more liberal trading arrangements with Australia's Asian neighbours on the basis of comprehensive comparative information on our economic performance in the region.

As noted earlier in this Chapter each consultancy dealt with an area of public policy that can be considered as having 'wicked' social characteristics. Where the consultant dealt with both the analytical and political aspects of their review in a comprehensive and considered way they were able to maintain congruence, or provide the legitimation implicit in their selection as an expert in the particular field. While the analytical work undertaken as part of each consultancy was of a high quality it was always to be subject to unknowable futures. Given that the margins of error are politically unacceptable in a more open public environment it is nigh impossible to predict the future context for public policy with the accuracy often expected by a critical public. Therefore the skilful management of the political aspects of each review was a fundamental reason for the success of each consultant. Their ready access, and preparedness to use this access, to senior ministers, and in the case of Garnaut the Prime Minister, was a key factor in maintaining the congruence over the review process, thus fulfilling legitimation expectations of their political masters. Fitzgerald's concern about the impact of the 'Year of Citizenship', an initiative of the Office of Multicultural Affairs in the Department of Prime Minister and Cabinet, on

his review of immigration is an example of the importance consultants themselves place on the political management of issues. Fitzgerald felt this initiative was an incursion into his review as it overlapped with his theme of a 'commitment to Australia', an incursion which he felt could have been stopped by Prime Minister Hawke.

The tension between rational analysis and political imperative has always characterised public policy. The Hawke Labour governments of the 1980s were determined to ensure sound long term economic management. This demands a high level of analysis, a process which needs time and latitude for creative thinking and airing of ideas, processes typically not afforded in the pressure of traditional administrative systems. They are subject to increasing scrutiny by a critical and well informed community. The use of consultants was a legitimate government strategy providing the necessary latitude to undertake extensive, systematic public policy reviews. The success in using consultants is reflected in how well these tensions in the policy making process were managed.

The tensions and complexity in Australian public administration in the late 1980s were, as contrasted by Yeatman at the outset of this Chapter and revealed in the overviews of policy processes provided in the second Part of this thesis, many and varied. The use of consultants, experts who skilfully manage both the process and the substance of review in the policy-making process, allows government and their administrations to manage public policy-making in a more comprehensive and systematic manner insulated from the vagaries and immediacy of a well informed and critical public.

CHAPTER ELEVEN: CONCLUSION

INTRODUCTION

The conclusion for this thesis is in two parts. The first part discusses, in terms of the literature identified in the first part of this thesis, the role of policy consultants and changing forms of governance. The second part outlines strategies for effective policy consulting.

PART ONE: POLICY CONSULTANTS AND CHANGING FORMS OF GOVERNANCE

The hypothesis behind the research for this thesis was that through the use of consultants, governments (and their officials) are able to undertake reviews of public policy in a more analytical and strategic manner than might otherwise be the case using traditional policy making processes. This use of consultants further legitimates the choice of radical change in policy direction rather than having to rely on conventional 'incremental' approaches as it removes policy development from the immediate interests of administrative officials and critics. The use of consultants allows both politicians and bureaucrats to maintain control over the policy-making process while not being seen as the central actors in the process. The case studies presented in Part Two highlighted several interrelated contextual themes covered in Chapter Three suggesting that governments find it especially appropriate to use consultants during periods of rapid change because they can no longer rely on policy advice from sources attached to a 'past' system. In periods of rapid change more policy problems are likely to be 'wicked' (Rittel and Webber 1973) but despite this 'wickedness' governments seem to prefer a 'rational' or 'comprehensive' approach to determining solutions to policy problems arising during periods of rapid social and economic change. The theory behind the case studies also

provides a measure of the likelihood of the continuing use of consultants by Australian governments.

The previous Chapter identified the tensions and complexities inherent in the policy fields addressed by each of the case studies and the role that the consultants played in managing the process surrounding each issue. In Chapters Two and Ten the relationship between the problem and the decision-making process was also explored by contrasting Rittel and Webber's (1973) 'wicked' and 'tame' problems and rational-comprehensive and incremental decision-making strategies. The conclusion here is that the use of consultants legitimates the review process and maintains congruence over perceptions of the problem and the problem-solving process. In political terms, it is as important to be seen to be doing the right thing as it is to do the right thing.

Chapter Ten also highlighted the importance of understanding the nature of the problems, or issues, on which consultants were asked to advise. As the complexity of the policy-making environment increases so too does the complexity of public policy-making itself. This suggests that in the future the public sector will be more likely to use consultants than they have been in the past. Their use brings forward questions about the long term nature of policy-making and a possible division between those few officials who, with politicians, determine public policy and those officials who simply administer consultancies or contractors.

THE CHALLENGING PUBLIC POLICY CONTEXT

The primary reason why consultants are increasingly used in the policy-making process is that the context of Australian government has become more turbulent, and therefore more problematic, and the way in which

consultants work provides a shield which insulates government and administration from the immediate demands of a critical and demanding public. In each of the case studies the consultants maintained their position as independent advocates of change while successfully playing a role characteristic of both politician and bureaucrat. All were, at one time or another, advocates of innovative ways of managing the relevant policies, while at other times they were reviewers and analysts of the key strategic issues. That they played these roles with the style and skill of the seasoned politician and bureaucrat is not surprising as most had been senior bureaucrats in earlier years.

Factors in the context of Australian government which give rise to the use of consultants are factors include greater public demand for managerial and economic competence in governments; increased scrutiny of government decisions through the media and increased pressure from a more informed electorate which has encouraged governments to find new strategies for consensus management. In attempting to manage policy problems, governments have also considered new forms of governance, such as corporatism, as well as providing increased recognition of key stakeholders through expanding policy networks and engaging policy communities.

The pervasive focus throughout Australian government and its administration on the need for improved economic management is seen in the case studies and was reflected in the overall management of the APS during this time. As part of this focus the government sought to cut its own outlays. Emy, in a review of Pusey's (1991) *Economic Rationalism in Canberra*, showed the degree to which the Commonwealth government had been reducing its outlays over the period:

'Commonwealth budget outlays, which peaked at 30 percent of gross domestic product in 1984-85, have already been cut back to 23.5 per cent, to 1973 levels. Total public-sector outlays have been reduced from a peak of 42.7 per cent of GDP in 1985-86 to around 36.5 per cent, or half 1981 levels.' (1992, p. 11)

Emy went on to note that the number of departments has been reduced; privatisation has resulted in extensive restructuring at both the state and federal levels; and, that 'a revolution is occurring in traditional attitudes towards, and the role of organisation and government.' (1992, p. 11). To Emy, Pusey's claim is 'that key agencies in Canberra have been captured or colonised by economic rationalists, whose primary aim is to dismantle the state and destroy any residues of *dirigisme* in their drive to create a textbook, free-market economy.' (Emy 1992, p. 11). Labor's drive for 'responsible' economic management, largely under the direction of Paul Keating as Treasurer, not only changed the nature of the role of the public sector but also had a profound impact on the shape and actions of the public sector itself.

Michael Pusey's study (1991) of the top echelons of the Commonwealth public service, conducted at around the same time as the consultancies reported in this thesis were carried out, received much publicity for his interpretation of the history and nature of these top officials. John Stone (1992), an ex-Treasury head and conservative politician, whose review of *Economic Rationalism in Canberra* in the same edition of *The Canberra Times* as Emy's, cited above, was scathing both of Pusey and his work. Stone said, for example, that he never enjoyed

'reading books that are unpleasant; but in this case there is also the sheer difficulty of ploughing through the obscurity of the prose, the pretentiousness of what is paraded presumably as learning, and the manifold errors of fact (counting only those where I am qualified to judge). To adapt the Hobbesian phrase, Pusey's book is nasty, brutish and long.' (p. 11)

Stone's comments suggest that Pusey's research clearly went to the core of the debate about the role of public administrators in times of change.

In 1992 Campbell and Halligan published the results of their research into 'bureaucratic politics' under Hawke and Keating. They were more moderate in their interpretation of the ideology of the top echelons of the APS than Pusey. Campbell and Halligan compared the kind of training and background of senior public servants in Australia with those in the UK, the USA and Canada (1992, pp. 103 - 106), showing that Pusey's findings were not unique.

Pusey received widespread comment for his extensive (sociological) analysis of the impact of such a high representation of products of the Australian middle class, with training in neo-classical economics giving advice to government. Campbell and Halligan were more cautious in their largely comparative account of senior personnel in the APS and overseas.

Economic and Managerial Competence of Government.

In his introduction to *The End of Certainty: the story of the 1980s*, the political journalist Paul Kelly (1992) provides an account of the need for revamped economic management in Australia in the 1980s. After describing Australia's steady fall in income per head over the last one

hundred years and our failure to lift exports as a function of GDP (pp. 13 - 14), Kelly suggests that

'The 1980s campaign to re-invent the Australian political tradition was driven by economic crisis. The epitaph of the decade is writ large - Paul Keating's spontaneous warning in 1986 of the banana republic. The solutions adopted during the 1980s reflected both the free market orthodoxy in the English speaking world and a deep-rooted domestic reappraisal of the origins of the Australian malaise. The 1980s economic crisis has left the recognition that the solution lies not in addressing the symptoms but in basic institutional change.' (p. 14)

The use of consultants to undertake comprehensive reviews of central components of Australian public policy can be seen as part of this institutional change.

In their introduction to a review of Australian public policy under the Hawke administration, Stewart and Jennett (1990) noted that 'in the 1980s, internationally induced economic change determined the success and failure of federal governments, dictated their policies and impacted directly upon the lifestyle of the Australian people.' (p. 1). Memories of Labor's failure to come to grips with economic management under Whitlam in the 1970s, was still clear in the minds of the newly elected Labor Government in 1983. Gruen and Grattan (1993) claim that:

'If the Hawke Government had been defeated at the 1990 election, the Labor government of the 1980s would have gone down in Australian economic history as a very competent manager. It would have presided over substantially faster economic growth than its

predecessor (with the average growth rate of real GDP being some 70 per cent greater). Real GDP per head of population increased by some 2.5 per cent per annum - or some four times faster than in the previous nine years. In its first seven and a half years the Hawke Government obtained more than double the rate of employment growth during the years of the Fraser Government, with the fall in real wages achieved during the Hawke years arguably being primarily responsible for this very much better employment performance. Those inclined to take a dimmer view of this government's economic performance could have pointed to the greater expansion in Australia's foreign debt and the higher real interest rates during the Hawke years.' (p. 108)

This aspect of Labor in the 1980s provided a central part of Labor's policy. All through the decade the consultants considered here were mindful of the need for effective economic management and the contribution their recommendations would make to that. The terms of reference of all of the consultancies were directly related to economic management. The nature of the impact of outcomes of each consultancy in economic management terms was, however, quite different.

The Social Security Review was, in part at least, about more effective targeting of social welfare, providing adequate resources to those in genuine need, and, where appropriate, about new ways of assisting people to obtain employment. Each of these outcomes has a different impact on the economic management of Australian social welfare in the short and long term. The immediacy of adequate assistance to those in genuine need, versus long term strategies such as those relating to education and training opportunities for children in families on welfare are examples of the

complexity of the impact on economic management surrounding this consultancy. The aim of these strategies was to change the circumstances of people in 'poverty traps' enabling them to get out of these circumstances, and to stay out.

The immigration debate had become highly politicised by the mid 1980s in that the large number of Australian citizens (and non-citizens residing) of non-English speaking background in Australia placed great political pressure for increased immigration through family reunion and refugee status. The people concerned, it was feared by many, did not have the skills to contribute to the economy and were likely to make claims on the Australian welfare system. Balanced with the demand for family reunion was the continuing need to attract appropriate skills to develop the Australian economy for the long term, continuing the tradition associated with Australia's extensive post-second world war immigration program. The immigration policy arena was a complex area where decisions regarding the nature of the immigration program were seen to impact on the economic performance of the nation. Fitzgerald's acknowledgment of this impact, with his notion of a 'commitment to Australia' via the taking of citizenship prior to eligibility to the full rights of citizenship, became embroiled, however, in political issues surrounding exclusion, rather than the economic impact of growth by immigration.

The National Housing Review was also about sound economic management, not only in terms of the appropriateness of the CSHA and the FHOS scheme, but also in terms of Commonwealth-State relations. In 1988-89 the Commonwealth contributed more than \$700 million toward public housing provision via State housing authorities and was looking for ways to target these funds to ensure the long term viability of both public

housing and an adequate and affordable supply of housing in the private rental market. State housing authorities were experiencing difficulties in meeting their part of the matching agreements because of the impact of high interest rates on their borrowings and their practice of using rental income to meet these interest costs, thus reducing their level of development of new public housing. This meant that the economic management of this important federal arrangement was in need of review. Dick Persson provided this review through an analysis of the impact of changing financial contributions on the public housing stock and short term interest/rental relief to low income earners seeking housing.

Garnaut's report on the northeast Asian ascendancy and Australia's positioning in relation to it was particularly about improving economic performance, especially in the long term. As an academic economist with experience of working with governments from both sides of politics (he also provided economic advice to the Fraser Government), having been a senior diplomat in Asia, Garnaut was well qualified for this specific review of Australia's relations with one of the fastest growing economic regions of the world. While the critiques of Garnaut's report related to the extent and focus of tariff reductions there was general community agreement with his presentation of the need to prepare the nation to compete on the world market without government protection.

Reid's development of the HIV/AIDS strategy was the consultancy least preoccupied with the economic impact, at least so it seemed at the time. The economic (cost) nature of the problem had been masked with the emotive and health issues surrounding HIV/AIDS. The most obviously successful outcome of the consultancy was achievement of community support to work against the pandemic and the involvement of the States in the

development of a truly national HIV/AIDS strategy. This meant that the States would participate in matching arrangements for the funding of everything from educational programs to the care and support of people with AIDS. The long term economic impact of the disease through loss of economic productivity and the additional burden to the health and welfare budget was however, also recognised early on in the development of Australia's strategy.

Government under Scrutiny by the Media

In Australia the role and influence of the media have developed to the point that the media have become a central part of the policy-making process (see Mills 1986). The use of intermediaries such as consultants in the decision-making process is a recognition by government of the influence of the media as these intermediaries provide another layer between the media and government. The increased scrutiny of Australian government by the public, via the spotlight of sophisticated and timely media reporting to an increasingly informed electorate seems to have been an important encouragement for government to use sympathetic third parties relatively distant from the decision makers to manage the policy-making process. This allowed politicians to refer to the consultancy being carried out saying that it would be completed at some future point in time at which the government would reply to the consultant's recommendations.

As Davis (1990) noted in his review of media policy under Hawke, media barons traditionally did 'not enjoy a good press inside the ALP. They are villains in a bitter folklore of defeat: proprietors and their editors crusading against Labor, allying with the banks and conservative politicians to bring down Scullin, Lang, Chifley and Whitlam.' (p. 356). Thus any strategy which an ALP government could employ to limit a hostile media's incursions into

the uncertainty that often surrounds the policy-review process was to be used. Segmenting this process off into definable consultancies with terms of references and specific time frames was one such strategy.

Davis (1990) goes on to note that, notwithstanding this historical mistrust, the media could be cultivated to support the ALP and he cites the success of NSW Premier, Neville Wran, in this regard. Wran was successful to the extent that 'many ALP members blushed in 1984 when every major newspaper expressed editorial support for Labor's re-election.' (Davis 1990, p. 357). However, a Federal Labor government needs to both court the media and to regulate it. This has at times proved to be a difficult balancing act.

Cass' review, which lasted several years, received constant media attention. The release of reports and working papers by the Cass review team was done in a routine, periodic manner over the lifetime of the review which allowed the media to develop a better understanding of the reasons for the widespread changes being proposed to Australia's social security system. This management of publicity also created the image of a systematic, professional approach to the review; it reduced apprehensions and the likelihood of major surprises arising out of the Review. The Social Security Review team also produced press releases for the Minister which coincided with the release of reports and working papers. The Minister was able to call on the media to review these reports in such a way as to acknowledge the considerable effort that had gone into the analysis and extensive consultation processes that had been undertaken with key stakeholders.

The media treated Fitzgerald's report of his review of immigration with mixed reactions (Parkin and Hardcastle 1990). The general media viewed the report in favourable terms, but the ethnic press thought otherwise:

'*The Australian* (4-5 June 1988) hailed it as 'one of the most important [reports] ever commissioned in Australia' and 'intelligent, fair, balanced and constructive', while *The Australian Financial Review* (6 June 1988) regarded it as 'careful and thoughtful'. However, strong criticisms were expressed by the ethnic press, by advocates of multiculturalism and by sceptics about high immigration intakes. *Il Globo* described the report as 'as insult to all immigrants in Australia' and portrayed Fitzgerald as 'an alchemist of a superior race' (Parkin and Hardcastle 1990, p. 323)

The media response to events taking place during each of the reviews was both predictable yet different in each case. With the greater technological sophistication of television this medium is able to respond to issues more immediately than more traditional forms of media. The difference with television is that emotive aspects of issues are able to be presented in a form to which people can easily relate. In the mid 1980s, for example, the HIV/AIDS issue was of immediate public concern. Interest was heightened as the disease was associated with marginal social groups such as homosexuals and IDUs. In contrast to the immediacy surrounding HIV/AIDS was the consideration of the nation's long term international relations with northeast Asia. The latter certainly received consideration in the press about immediate important policy choices, particularly in relation to tariff policy and other industry subsidisation schemes. The education and diplomatic strategies advocated by Garnaut, however, which were focussed

more on the long term, received much less attention from the electronic media.

As has already been noted in the previous chapter, all the case studies considered covered difficult policy issues, categorised as 'wicked social problems'. The way in which the media deals with such social and political problems does not necessarily show any relationship to Rittel and Webber's (1973) schema for classifying such problems. What sells newspapers and advertising time on the electronic media is the presentation of immediacy and relevance of an issue to consumers who can then generate an opinion about it (Mills 1986). The possibility of losing one's job as a result of reduced tariff barriers or of developing a life-threatening disease from HIV/AIDS infection is far more newsworthy than recommendations relating to Australian's understanding of their Asian neighbours or on the consultative mechanisms between governments on how best to manage the HIV/AIDS disease. Another example of media demand for immediate, newsworthy public policy items, rather than longer term issues can be seen in the reporting of immigration issues that invoke racial prejudice. These items are of greater interest to the media than the longer term economic development issues associated with the mix of immigration. The provision of public housing stock for the long term is also of low media priority when compared with issues such as the inability of young couples to afford a home loan because of high interest rates. Social welfare issues also contain immediate, or popular questions as well as less popular, longer term strategic questions. For example, the level of direct payment to welfare recipients is of more interest to the media than the concept of the social wage and the interrelationship between the welfare payment and other opportunities available to the recipient to change their socioeconomic status through education and training opportunities, and thus greater access to the

labour market. The use of consultants to systematically review public policy in fields which are a mixture of contentious and straightforward issues helps reduce media preoccupation with the contentious issues. The contentiousness of the issue is mitigated through better understanding of the basis for the issue.

Any concerns the government might have had about the influence of the media was countered through the use of consultants at arms length from the central policy makers, in a deliberate, analytical and consultative manner, a strategy which used the media to publicise the outcomes of these reviews. By managing the policy process through consultants the ALP had come to manage the media so that the focus was more on the issues than on the Party and the politicians who were driving the decision-making process.

The Policy Making Impact of an Informed Electorate

The impact of mass education, the electronic media, a growing middle class and more effective interest groups have given rise to government strategies and structures in Australian society which are more consensus-seeking than was the case in the 1970s (Singleton 1990a). The Accord and the national 'summits' on economics and tax questions are well known examples of such strategies in the 1980s. The changing nature of the Australian community suggests a sophistication and complexity built on a number of factors which have arisen from a better educated electorate over the previous three decades. Limerick and Cunningham (1993), for example, suggest that there has developed of a new set of social, economic and political issues, particularly in Western nations that guides our thinking about organisations in society. The cumulative effect of these and other political, social, economic, technological and cultural factors gives rise to

awareness by democratic governments that new strategies of consultation and consideration with the electorate are essential.

The macro decision-making strategies established by Hawke governments implicitly, at least, recognised that people demanded to know about the basis for the actions of government, even if they choose not to take a position on these actions. Hawke's use of consultative mechanisms such as The Prices and Incomes Accord with the ACTU, an arrangement which was to exist throughout the 1980s, and The Economic and Tax Summits are well known examples of his government's implicit recognition of the sophistication of the electorate and its desire to be aware of the decisions of government. The nature of this sophistication and its impact on the relationship between government and the wider community in the 1980s have been discussed in the political science literature (Singleton 1984, 1990a, 1990b).

In contrasting the 'new politics', characterised by the 'untidy' American form, as opposed to the (old) 'bureaucratic-corporatist' European model, Crook *et al* (1992) provide an insight into the rationale for the use of consultants by government during a period of significant social and economic change. As has already been noted in Part One of this thesis, Australian government and its administration underwent significant change, both in philosophy and functioning, throughout the 1980s. The turbulence characterised by the new politics, 'a more open, if one prefers more pluralistic, politics of lobbying, constitutional challenges and litigation, perhaps less effective in enfranchising weaker interests of blue-collar workers and minorities, but more open for lobbying by all sorts of organised pressure groups' (Crook *et al* 1992, p. 137) presented a considerable challenge to successive Hawke governments as they attempted

to bring about social and economic change. The use of consultants is one strategy used by government to maintain control as exercised under the old bureaucratic-corporatist model. The use of consultants to review and introduce significant change in major areas of Australian public policy is not in itself evidence for claims to a move from the 'old politics' to the 'new politics'. Rather the use of consultants suggests that the old politics is under pressure from new forms of political management and that their use might be regarded as one such example of these new strategies.

Establishing a consultancy to review aspects of government policy is to establish parameters of time and due process in the consideration of clearly specified terms of reference. Consultancies not only allow for effective decision-making but also allow for different views to be considered over an extended period of time. Each consultancy reviewed in this thesis was characterised by extensive consultation with key stakeholders which allowed for the airing of different views on the issue.

As noted in Chapter Three, in the early 1980s the Australian Labor Party was acutely aware that in the 1970s it had lost many opportunities because of political mismanagement and the Parliamentary wing was clear about the way in which Labor in government would bring about change. Combined with a political and economic context characterised by increased uncertainty and ambiguity, the challenge was even more problematic. The use, at arms length, of essentially sympathetic consultants was a style that successfully bridged the old and the new politics. It enabled the Government to manage change in a considered, systematic manner while dealing with the immediacy of the new politics.

Each consultancy was essentially elitist in that they were conducted by a well renowned academic or bureaucrat who was held in high regard by their relevant policy community and the government of the day. The consultant used bureaucratic mechanisms for orderly representation with other interested parties. The process of review was essentially stable, or consistent over an extended time period and followed a predictable path, typically as outlined in each review's terms of reference. This insulated the outcomes of each consultancy from unorganised pressures and fluctuating community opinion. Also, in terms of the old corporatist-bureaucratic politics, this approach enhanced predicability and increased the likelihood of implementation. Which, in terms of each consultancy reviewed in this thesis, was the case as the majority of the case study recommendations were adopted, if not for immediate implementation by the government of the day.

The use of consultants was an effective way of coping with the uncertainty surrounding widespread and pervasive change. It was an attempt to manage the policy-making process at a time when traditional methods were no longer seen as appropriate. It does not in itself represent a new form of political management. At best the use of consultants can be seen only as a contemporary addition to the old style bureaucratic-corporatist politics.

POLICY CONSULTANTS AND CHANGING FORMS OF GOVERNANCE

The use of consultants to undertake major reviews of public policy may reflect changes to the institutional forms of governance typified in the public policy literature. In the first Part of this thesis several ideas relating to institutional forms of governance were discussed, including corporatism, policy communities, policy networks and that government was becoming more entrepreneurial. The use of consultants to review public policy is

discussed below in terms of these different perspectives on changing forms of governance.

Corporatism

In the period immediately following the 1983 and 1984 federal elections there was much debate about the style of the Hawke government and whether this new style constituted a fundamental change in the way in which government managed the policy process with collective business interests and organised labour (see, for example, McEachern 1986). Political theorists debated whether the manifestation of a consensus approach by Hawke as Prime Ministerial aspirant and subsequently as leader constituted a fundamental change in Australian politics (see Pemberton and Davis, 1986).

Gerritsen (1986) labels the approach to corporatism found in the early years of the Hawke government as 'consensual corporatism' and argues that it was 'a reaction to perceived past Labor policy-making failures and the context of the collapse of the long post-war economic boom.' (p. 45). In concluding on the reality of a corporatist framework in Australian politics in the mid 1980s Gerritsen suggests that it was an aberration, necessary for the management of national economic difficulties in a style that reflected the industrial relations traditions of Hawke:

'It is not a corporatist system in the formal sense. There is no tripartite power partnership - business has no peak council; government is fragmented on statutory and federal lines; the EPAC is not a controlling body, but merely an information agency: parliament, the parties, pressure groups and the electorate are intrinsic, not extrinsic to the system, *etcetera*. But it is partly

corporatist in that it is essentially about economic policy and that it is predicated on a high degree of collaboration among (voluntary) groups - the preeminent condition of what Lehmbruch calls 'liberal corporatism' (or Schmitter 'societal corporatism'). The Hawkeist polity fails the corporatist model by not being a formal, compulsory tripartite collaboration. Instead the state is engaged in two sets of bilateral relations - one more or less formal and bargained, with the ACTU, and one informal, pluralist and uncertain, with the pressure groups of capital.' (p. 50)

As noted in Chapter Two, Atkinson and Coleman's (1992) view of the role and nature of public institutions in contemporary western governance, provides a rationale for the use of consultants described in this thesis:

'public sectors managers have discovered that in shouldering this responsibility [for decisions relating to economic dislocation], they cannot rely exclusively on traditional organisational forms styled on the Weberian model of bureaucracy. Accordingly, state managers have searched for new means to accomplish unfamiliar, and often unwelcome, tasks. Independent regulatory agencies were among the first organisational innovations. They have been followed in recent years by mixed corporations, joint ventures, and most recently, service oriented public bureaucracies. For modern states, the problem has become one of maintaining ultimate control yet sharing the exercise of public authority. Public officials want to escape blame, but also to claim credit. They want to husband political power, but they must mobilise social forces to obtain it in the first place. As a result, the range of organised groups and state forms has expanded considerably.' (p. 155)

The policy community literature gives additional perspectives on the use of consultants by government. The concept of communities or networks in the policy-making process 'convey, simultaneously, the impression of inclusiveness and exclusiveness' (Atkinson and Coleman 1992, p. 159). All of the consultants in this research were included in the particular policy community or network within which they were engaged. Philosophically and politically they were all empathetic to the values and traditions of the Labor Party, professionally they were all well regarded as expert in their field, if not just for their knowledge and understanding then also for their wider advocacy and political skills.

They were also sufficiently external to the community or network to maintain control yet share the exercise of public authority; escaping blame yet sharing credit; and husbanding political power while mobilising social forces to obtain or retain this power. It is not surprising that many consultants are drawn from the academic world to undertake such work. Their primary institutional allegiance is to an organisational culture which presents itself as dispassionate and removed from the immediate political concerns of society.

In presenting his contrasting views of academic and governmental cultures, Szanton (1981) (see Chapter Two) noted that 'they also gloss over the very substantial differences *within* the two cultures' (p. 64). This view is questioned here as the academic consultants studied in this research were successful in their work, not least because they were able to work well with the officials who were central to the success of their work. While the consultants' attitudes and preferred way of working may have been more in line with the values of the academic culture, they were able to adapt to the

governmental culture with a relatively high degree of success. While Cass encountered difficulties at the outset of her review, and clashed with senior officials about mechanisms for reporting and the allocation of work within the Social Policy Division, she quickly learned to adapt to the ways of the bureaucracy with which she had to work. The ability to work with government and bureaucracy was no doubt an important criterion in the selection of consultants.

Persson and the other four academic consultants were, after the consideration of their work by government, also active in publishing and speaking at academic forums about their consulting work. This served two ends; it meant the academics are able to legitimise their consultant work in terms of academic criteria (Cass was promoted to full Professor on her return to Sydney University even though she had been under considerable pressure from the University about her lengthy absence from the institution during the review) and it provided academic legitimation to the outcomes as their work was published in the academic literature, also reducing the political focus had it come directly from government.

Accepting Atkinson and Coleman's assertion that 'pluralist conceptions of the organisation of societal interests have been expanded and, to some degree at least, amended' (1992, pp. 154 - 155), the use of consultants to undertake strategic reviews of public policy is an example of micro-corporatist structures. Head (1990) does not support the proposition that policy formation and implementation has become more corporatist in recent years. However, without specifying where corporatist features exist, Head does assert that:

'It is true that some corporatist patterns have been entrenched for many years and that others have more recently appeared. However, these are confined to particular levels and spheres of the public policy process, are of uneven strength, are subject to institutional and political constraints, and they are to a degree reversible.' (1990, p. 329)

The corporatist characteristic of 'organisations representing monopolistic functional interests' (Cawson 1986, p. 38) became more influential in the early years of the Hawke Governments, in part fuelled by the strategy found in the economic and tax summits. Parkin (1990) concludes that 'the recent interest in 'corporatist' explanations of the Australian power structure reflects an understanding that, while business interests are the crucial workings of modern capitalist democracies, there is also significant power wielded by other interests - such as organised labour - and by the state itself.' (p. 362). This conclusion is a confirmation of the view of Atkinson and Coleman (1992), outlined above, of the inevitable increase in power of other individuals, groups and institutions under the concepts of policy communities and networks and the relative powerlessness, therefore, of government in this situation.

Policy Communities

Pross (1986), in his analysis of group politics and public policy, notes that pluralism, 'atomistic, bustling, vibrant, self-organising interest-group politics' (p. 96), has been under attack for several decades. The criticism comes from the 'tendency to think of group politics as highly atomistic, with each group preserving a one-on-one relationship with government.' (p. 96). The critiques of pluralism as an analytical tool noted that interest groups do not interact with the state on an individual basis but that they often work together in order to influence government. In fact in some

states, notably Germany and Scandinavia, relationships between groups and government are highly structured along 'corporatist' lines (Pross 1986). In an attempt to recognise the tensions of both pluralist and corporatist perspective's on interest group politics Pross advocates the concept of the policy community, in preference to other terms such as iron triangles, or networks. The defining characteristic of the policy community concept is that 'communication is both continuous and contained' (Pross 1986, p. 98). Pross' definition is instructive in our consideration of the role consultants play in the policy process:

'A policy community is that part of a political system that - by virtue of its functional responsibilities, its vested interests, and its specialised knowledge - acquires a dominant voice in determining government decisions in a specific field of public activity, and is generally permitted by society at large and the public authorities in particular to determine public policy in that field. It is populated by government agencies, pressure groups, media people, and individuals, including academics, who have an interest in a particular policy field and attempt to influence it.' (1986, p. 98)

Pross identifies two dimensions in a policy community, the sub-government and the attentive public. Sub-governments are the core and 'consist primarily of government agencies and institutionalised interest groups' (Pross 1986, p. 98). The institutionalised interest groups have sufficient resources and the commitment - over time, to work with government agencies. Typically they are included on committees and advisory panels. They comment on draft policy, engage in long-range policy reviews and have continuing access to officials (Pross 1968, p. 98).

Surrounding the core is the attentive public which 'is neither tightly knit nor clearly defined. It includes any government agencies, private institutions, pressure groups, specific interests, and individuals - including academics, consultants and journalists - who are affected by, or interested in, the policies of specific agencies and who follow, and attempt to influence those policies, but do not participate in policy-making on a regular basis.' (Pross 1986, p. 99) It is the relationship between the attentive public, in particular consultants and those who are academics, that interests this research. The use of consultants to review significant areas of public policy suggests that, in relation to the attentive public periphery and as part of the changing nature of Australian public policy-making, the size of the sub-government core has decreased and that this attentive public (here academics engaged as consultants) are playing a greater role in policy-making.

All of the consultants in this research who are seen as part of the policy communities' 'attentive public' moved closer to the 'sub-government' core as a result of their policy review and policy development work. Some became more central than others. From the outset Cass, Persson and Reid engaged the bureaucracy to work with them while Garnaut and Fitzgerald, to lesser degree, made use of the relevant agencies. Garnaut had the benefit of several officials from Foreign Affairs and worked largely external to the organisation, while Fitzgerald worked with officials in a similar fashion but largely through the Committee to Advise on Australia's Immigration Policies, of which he was the Chairman.

Policy Networks

Jordan's (1981) analysis of the different structures of the policy process as outlined in Chapter Two provides a framework with which to consider the

policy process surrounding the consultancies reported in this thesis. Table 11.1 attempts to compare the characteristics of each consultancy with Jordan's description of the characteristics of the issue network (see Table 2.5).

The distinctions made in Table 11.1 should not be seen as simple dichotomous, either/or conclusions. They are presented as relative distinctions for the purpose of discussion rather than as absolutes. It is also helpful to think of the yes/no answer for each consultancy in relation to the decision-making characteristics of the policy field at that time.

Table 11.1. Characteristics of the issue network policy process across five consultancies.

<i>Issue Network Characteristics</i>	Cass	Fitzgerald	Persson	Garnaut	Reid
Are political alignments stable?	Yes	Yes	Yes	No	No
Fragmented Decision-making arenas?	No	Yes	No	Yes	Yes
Unlimited number of participants?	Yes	Yes	Yes	Yes	Yes
Is there a central authority?	No	No	No	No	No
Is power disaggregated?	Yes	Yes	Yes	Yes	Yes
Is there a final point of decision?	Yes	Yes	Yes	No	Yes
Are groups voluntary?	Yes	Yes	Yes	Yes	Yes
Is there open access to decision process?	Yes	Yes	Yes	Yes	Yes
Were issues often not resolved?	No	No	No	Yes	No

The Australian context within which the consultancies were carried out aligns well, but not exclusively, with the 'issue network' image of the policy

process. As Jordan (1981) notes, the lines of delineation between these three images of the policy process are not always clear and are subject to change over time. 'Network is an elastic kind of term which could cover a variety of relationships. But - it is argued - at least the notion implied of disaggregated power, extended links, a developing complexity in policy-making reflects reality.' (Jordan 1981, p. 121). Managing the policy-making process in such a context is problematic. The nature of relationships is more complex and for this reason traditional structures of government and administration may not be best equipped to deal with the policy issues that arise. New ways of developing policy, ways which recognise the more ambiguous policy-making context, are therefore appropriate.

(a) Political alignments

The idea of political alignment is based on the notion that decision-making is segmented into different arenas with clear distinctions between these arenas. As a key factor characterising "'triangles" composed of (1) the interest group(s), (2) the relevant administrative agency or section of the federal bureaucracy and (3) the relevant Congressional committees.' (Jordan 1981, p. 97) stakeholders within each issue can be seen to be aligned, for example, to a typical industry or government position. In two of the consultancies this alignment was less evident and more unstable. Garnaut's report was written to raise the discussion beyond the arena of relations with Asia to reach into other areas of public policy such as challenging the nature of Australian manufacturing and public education and its curriculum as it relates to Asia. The AMC and ACTU moved to focus the debate within the conventional structures of the tariff debate and microeconomic reform. Reid's strategy was to open up the debate on HIV/AIDS to as many people and institutions as would listen. Built on a fundamental premise that understanding was the key to managing the epidemic Reid was to go well

beyond the parties traditionally aligned with public health matters, for example, the government, the drug industry and the medical profession.

Conversely, Cass, Fitzgerald and Persson articulated change through the traditional, politically aligned structures. Cass worked closely within the bureaucracy, calling on the high level of expertise within the Department of Social Security. While her discussion papers were published and disseminated widely, this was done to receive public comment on the analysis, not the fundamental questions, *per se*. Fitzgerald had a similar strategy in terms of political and institutional structures. While he was to confront a more difficult constituency through varied ethnic groups, the issue was dealt with within conventional structures. Persson operated very much within traditional structures with the distinct purpose of providing government with the information and encouragement to continue with a long term public housing strategy.

(b) Decision-making arenas

Iron triangles, cabinet style structures and corporatist arrangements are inherently about segmented decision-making structures. Conversely an issues network suggests a more fragmented set of structural relationships which involves more players all of whom have varying degrees of influence in the policy field. In determining the degree of fragmentation it is more appropriate to suggest that the decision-making surrounding each consultancy is more or less fragmented when compared with decision-making in the conventional apparatus of government. All of the consultancies were more fragmented than is typically found in government decision-making, with the possible exception of Cass' review of social security and Persson's review of the Commonwealth State Housing Agreement.

In the Social Security Review Cass worked within an established and credible policy division of the bureaucracy. Her work was also characterised by a high level of analysis. The focus was on current provision and a reworking of the welfare system so that it was more targeted to those in need in a way that was more efficient, and therefore more economical to the government of the day. Persson undertook his review in a typically segmented context. Working with the bureaucrats in the Commonwealth department and with a team of consultant advisers he was to affect a set of decisions within the bureaucracy and the state apparatus of housing authorities. He ensured a comprehensive analysis of the choices before governments, both federal and state, namely of the impact of changing the investment and financial strategies associated with the provision and maintenance of public housing versus short term strategies of rental or loan relief schemes. This was done through the conventional structures of government, recognising the respective roles of established institutions.

The other three consultancies were all characterised by relatively greater degrees of fragmentation in the decision-making arenas. While this fragmentation provided surprises across the consultancies, their mode of operation and the nature of the problem under consideration made it inevitable that surprises outside the traditionally segmented arenas would occur. For example, the incursion of the Office of Multicultural Affairs into the Fitzgerald inquiry into immigration when it took a greater interest via the 'Year of Citizenship' revealed a degree of fragmentation that Fitzgerald did not expect. Many more individuals and groups were engaged in the immigration debate than he had anticipated. The debate that Garnaut's report generated across business and union led groups was also evidence of a degree of fragmentation beyond Garnaut's expectations. He, however,

regarded this as a positive outcome as he aimed to raise the level of debate about Australia's relations with northeast Asia. Reid's work was clearly in a fragmented decision-making arena as both the volatility and the private nature of the issue - an incurable public health epidemic associated with marginal social life styles - determined that the arena would be fragmented.

(c) Number of Participants

The number of participants in the policy process further complicates decision-making processes. While Jordan provides little discussion about the relationship between the number of participants in a policy determination process and the nature of that process he suggests that moves beyond triangles (three), corporate structures (such as might have been evident in the Hawke Government's 'Economic Summit' in 1983 involving the ACTU and various peak employer associations) and cabinet government (in Australia's case with around twenty portfolios), would suggest issue networks would count individuals and groups in multiples of tens. While the issue network concept does not rely on absolute numbers of players for definition it does assume many players in a field who do not pay allegiance to a particular process and who would not necessarily see themselves as being part of that field. Jordan acknowledges this in part when he claims that 'Heclo's issue network idea is concerned with a lack of final decision-making authority and a consequent tendency to policy drift.' (Jordan 1981, p. 99). The use of consultants to catalyse the policy process may be an implicit recognition of the problem of policy drift in a particular field and the need to provide a focus to counter this drift.

In each of the consultancies the number of participants in the decision-making process was unlimited in that the issues concerned all Australians. Each of the consultancies was characterised by extensive efforts to

consultant widely to ensure that there were as many effective participants in the decision-making process as possible.

(d) Central Authority

A central authority who ultimately makes all decisions is not present in each consultancy. Giving consultants broad terms of reference – which include a requirement for extensive consultation – makes it difficult for any one individual or organisation to be the central decision-making authority. Ultimately the central authority of the day was the minister who had engaged (or who may have inherited) the consultant, in that they were responsible for deciding whether to implement the recommendations of the consultancy. In all of these cases the government was the ultimate authority; however, with each consultancy undertaking extensive consultation the government had created a process that delayed the exercise of authority until the due process of review and consideration had been completed. This arms-length approach to policy-making by using consultants is a central paradox in the management of policy issues. A strategy that effectively delays major decisions by government until comprehensive analysis and consultation has taken place on pressing social issues both provides the important public image of political action and allows for the issue to be thoroughly investigated.

(e) Power

The nature of the issues under consideration by each consultancy also affects any analysis of the exercise of power surrounding the issue. As Jordan (1981) notes 'the shift towards issue networks from iron triangles as an appropriate image requires a different image of power.' (p. 100) In reflecting on Heclo's (1978) observation of the open networks of people increasingly impinging on government Jordan notes the epigram

'everywhere, power is somewhere else' (1981, p. 100). It is this lack of focus of power on any one individual or group that characterises the issues considered by the consultancies reported in this thesis. They were issues important to all Australians, albeit more important to some than others, yet fundamentally affecting all.

(f) Final Point of Decision

In all consultancies, except Garnaut's *Australia and the Northeast Asian Ascendancy*, there was a final point of decision ultimately leading to the enactment of legislation to implement recommendations arising from them. This aspect of the use consultants does not fit with Jordan's criterion that there is no final point of decision within issue networks. In terms of this criterion we see the conventional controls of government at work as responsible agencies moved to implementation after the extensive process of policy review had been carried out by the consultant.

(g) Groups

The question of voluntary group involvement versus compulsory participation (as exists with corporatism) in the policy process is more problematic when considering the involvement of interest groups in each of the consultancies under review. Few of the interest groups (with the possible exception of government departments) associated with the review process carried out by each consultant could be said to be volunteers, that is, being able to make the choice to either ignore the review or to participate in it. An interest group's mandate usually demands that they 'volunteer an opinion' in any debate surrounding their policy field. The Australian Council of Social Services, for example, cannot sit idly by as a major review of social security policies is carried out. Interest groups must participate, even if that participation is legally classified as voluntary.

(h) Open Access to the Decision Process

The process of creating a consultancy that, as a requirement, must 'consult' widely ensures broad access to the decision process. While government reserves the right to implement from the recommendations what it believes appropriate, to not respond to a public review process it had initiated would be to leave itself open to criticism from all sides. Therefore all of the consultancies in this research can be seen as part of a more open access to the decision-making process. Except for Garnaut's report all of the consultancies resulted in some form of legislation for new or amended law through the Commonwealth Parliament. All were characterised by a high level of formal community consultation whether by advertisement calling for formal submissions or giving notice of reports. In fact the process of open consultation was an important part of several consultancies. Fitzgerald, Garnaut, and especially Reid, were all vested with the responsibility of creating widespread community discussion in their respective consultancies. As Reid's HIV/AIDS strategy was, in large part, about increasing community awareness and understanding of the issue, the open access to decision processes was a central part of her work. It also enabled the issue to be structured around community groups most affected by HIV/AIDS rather than the established medical professions who were seen by the government as wanting to 'capture' the issue so as to increase their influence over government in other matters, such as Medicare.

(i) Issue Resolution

Jordan asserts that issues are often not resolved where issues networks characterise the policy-making process. This was the outcome with each of the cases covered in this thesis. Issues were not resolved, rather they were managed. More or less acceptable solutions were adopted, solutions which

were politically acceptable to the government of the day. The issues were not, as such, resolved. The immediate reaction to Garnaut's report, for example, was to focus on the level and rate of tariff reduction for imports. The discussion was not about the overarching issue of Australia's place in Asia and the role of government and the community in facilitating desired futures. The AMC and ACTU reports released around the same time as Garnaut's report were designed to focus on the specific industry by industry implications of this tariff reductions policy rather than to deal with the broader questions. Garnaut felt that his report had a wider focus than was originally presented in the media and political debates. He regarded his chapters on Australia's place in Asia and the importance of greater ties through education and training as largely overlooked by his critics. While the remaining consultancies had varying delays in the acceptance of many of their key recommendations many were taken up by the government of the day. Cass' work, for example, was phased in through her staged consultancy while Fitzgerald's much debated commitment to Australia through the taking up of citizenship took time to implement, it was ultimately done so by government. The outcome of these two consultancies are good examples of how government manages rather than resolves policy issues.

Reich's (1991) concept of the symbolic-analysts who manipulate data, words, oral and visual presentations was outlined in Chapter Four as he saw consultants, in their many and varied forms, as being largely representative of this type of work. This was clearly the case with the consultants reported in this thesis. The public profile which each was accorded allowed them to argue the case for change in such a way as described by Reich in his description of the symbolic-analysts. While they dealt with representative bodies they rarely came into direct contact with the ultimate beneficiaries of

their work. They certainly had partners and associates, typically bureaucrats and ministerial advisers rather than bosses or supervisors and they worked in small teams which were connected to larger organisations (after Reich 1991).

Entrepreneurial Governance

In Chapter Two Osborne and Gaebler's ten principles characterising how the 'entrepreneurial spirit' is transforming the public sector were outlined with the proposition that the use of consultants by government may be a measure of this entrepreneurial spirit in action. Each case study is considered in the light of these ten principles in order to assess whether the use of consultants reflects this entrepreneurial spirit in government.

During the 1980s in the federal context of smaller, market oriented government, the government's catalytic role is more evident, especially in relation to the way they used consultants. Each of the consultancies reviewed in this thesis provided both a strategic direction within the broad parameters of their brief from government as well as more specific recommendations on how this direction could be achieved. Each consultancy also acknowledged the new managerial context which government had created and provided direction for key stakeholders within each policy field.

The extensive consultation surrounding each consultancy also empowered respective communities within each policy field, if only by the act of engaging them in the review process. This was not always an easy task, especially in areas such as social welfare, housing and public health where the expectation is that governments are there to serve and that stakeholders are more dependent on government. Consultation also had the effect of

making others more interdependent in their relations with government. By empowering stakeholders within each policy field the power relations changed. This was not an explicit goal of government, it was an outcome of extensive consultation.

Effectiveness and efficiency, as a result of market oriented, neo-classical economic philosophy (see Pusey 1991), has clearly been an underlying theme of Australian government in the 1980s. Effectiveness and efficiency, in the sense that government sought the best possible provision of services, regardless of whether it be in the private sector or as part of government administration, was desired. As noted above in the discussion of the Hogwood and Gunn (1984) framework outlining stages of policy analysis, these consultancies were primarily concerned with the strategic tasks of agenda setting and program legitimation, not so much with implementation and evaluation. This was the task of the bureaucracy responsible for taking up the new strategic direction. The themes of effectiveness and efficiency certainly pervaded the recommendations of the Garnaut report with its emphasis on reduced trade barriers and greater cultural links with Asia, but was not as important with Reid's development of the HIV/AIDS strategy.

Each consultancy was centrally concerned with the strategic direction, or mission, surrounding the policy field concerned. Each was aware of the need for recommendations to fit with the overall mission of the commissioning government, however loosely stated that mission might be. In the case of the Hawke governments the mission included effective economic management with equitable social justice strategies that ensured policies consistent with the traditions of the Australian Labor Party. As already noted in the first Part of this thesis, Australian Government

administration in the 1980s was subject to a shift away from a rule-driven culture to one which required more timely and strategic government than had been Labor's tradition. The work of these consultants assisted in this shift.

The emphasis on economic rationalism during the 1980s also ensured an emphasis on outcomes of government, away from inputs. While the importance of inputs, or methods of public administration should not be undervalued in policy analysis, the strategy for managing government spending was very clearly aimed at the outcomes desired and the establishment of priorities.

The extensive consultation with relevant interest groups surrounding each consultancy also ensured greater attention to the needs of the 'customer', however. That the reviews were not driven by the bureaucracy ensured that a greater focus would be given to the needs of customers without being overly preoccupied with the means by which these needs would be addressed. The consultancies provided this 'arms length' review of policy, reducing the possibility of the reviewers being caught up in the organisation and administration aspects of implementation. They legitimated an agenda without being overly concerned with implementation issues.

Except for the National Housing Review which was, in part at least, concerned about the very large amounts of capital being committed to public housing, and some of Garnaut's recommendations relating to government activities, the reviews reported in this thesis did not focus on government business enterprises as such. Nevertheless their strategies were consistent with the notion of government seeking entrepreneurial opportunities and exploiting such opportunities within the broad strategic

direction of each policy field in at least the Garnaut, Fitzgerald and Persson consultancies.

Clearly each of the consultancies were anticipating futures within which their recommendations would come into effect. All made predictions about the continuance of programs which were based on assumptions that no longer held true. The consultancies therefore led government to anticipate and respond to possible futures. This is clearly evident in the work of Fitzgerald, Reid and Garnaut. Fitzgerald could see that the rationale for immigration had changed since its inception after the Second World War, largely a result of the changing nature of the Australian economy and the impact of having had such a relatively large number of people make Australia their home in a relatively short period of time. His Committee recommended a set of strategies that allowed government to anticipate this changed migration environment. Reid developed a strategy that led government to anticipate a community attitude of compassion and understanding rather than the more punitive alternative being advocated by conservative forces. Garnaut's review was the consultancy most articulate of different futures facing Australia. His report aimed to position Australia's relations with northeast Asia so as to build on the advantages of closer cultural ties. He had the foresight to look beyond immediate mercantile issues and anticipate a qualitatively better set of relations with Australia's Asian neighbours.

Australian government administration underwent considerable devolution in the 1980s, so much so that government inquiries at the end of the decade began to question the extent of this devolution (see, for example the Parliament of the Commonwealth of Australia Joint Committee of Public Accounts 1992). Each of the consultancies reported on

in this thesis was largely concerned with the substantive programs of government and, has been outlined in Chapter One, the decision was made to not include administrative, or organisational focussed consultancies in this research. Notwithstanding this decision several of the consultancies have recognised the importance of this shift in their work. For example Persson recognised the importance of better working arrangements between the Commonwealth and the States in the effective management of the Commonwealth State Housing Agreement. Reid saw clearly the need to engender participation and teamwork in the community if the HIV/AIDS disease was to be properly understood and thus effectively managed.

The way that government was asked to vary its programs and services via a number of the consultants' recommendations reflected market-driven mechanisms. Cass' greater emphasis on employment training programs as part of the total social justice package, of which Social Security's contributions would be significant, reflected this orientation toward market driven outcomes. The strategy of funding training for the unemployed was to be both a catalyst for improving the quality of the labour-market and part of a broader strategy for improving the national economy. This approach clearly saw the market as the context within which social security reform had to occur. Fitzgerald also saw the market as one of the important factors determining the nature and level of Australia's immigration program. The other factor for him was the commitment to Australia to be made by migrants in taking up citizenship. If the program was to continue as an important strategy for economic change then this could only be done with the right balance of economic migrants with family reunions and refugees. Conversely Persson's review was primarily about the continuing provision of public housing by the state in conjunction with market-driven forces. While opposing forces, such as the building and real estate lobby, argued for

almost exclusive control via the private rental market Persson's recommendations ensured that the public sector provision of housing was not devoured by an exclusive free market for rental accommodation.

The thrust of the recommendations and outcomes of the consultants' work reviewed in this thesis was largely in line with the principles identified by Osborne and Gaebler (1992) as characterising the entrepreneurial spirit in government. But they were not exclusively oriented this way. The quality of their work must be seen in the balance that each struck in dealing with these modern, managerial pressures on government while at the same time recognising the singularly unique roles played by government in western liberal-democracies.

The relationship between the policy-making context and the strategies adopted by government for addressing the issues that arise out of this context is complex and ever changing. Throughout the 1980s in Australia this context changed significantly. Whether the system of governance changed fundamentally to reflect the changes in the policy-making context is well beyond the scope of this thesis, and probably too recent for such an assessment to be made. Nevertheless the system of governance in Australia in the late 1980s was most amenable to the use of consultants to develop and review public policy and is likely to continue to be so into the foreseeable future.

PART TWO: STRATEGIES FOR EFFECTIVE POLICY CONSULTING

The relationship between the public policy making process in Australia in the late 1980s and the role consultants played in this process has been identified and discussed in this thesis. As policy making becomes more complex, governments will look to new ways of managing this process. As

using policy consultants will be more common so the role of consultants in the process of governance may change and develop and need further examination and explication. This final part concludes on the work of the policy consultants covered by this research. It does so first in terms of the possibilities of policy change and the role played by consultants; next in terms of the four criteria identified for assessing policy consulting; then in terms of the nature of the public policy problems consultants are asked to address; and finally outlines strategies for effective policy consulting.

POLICY CONSULTING: POSSIBILITIES OF POLICY CHANGE

Garnaut's report is most representative of the policy consultant advocating fundamental policy change in a policy field where issues are controlled by deeply entrenched institutional forces (as outlined in Figure 3.4, and repeated below). This type of consultancy assumes the problem is an on-going one and makes recommendations for change beyond the mandate of the established institutions of governance. Garnaut's vision was for Australia to position itself for the next century by proposing his most discussed recommendation, that tariffs be removed by the year 2000, more than a decade away. While he did make specific recommendations relating to, for example, the introduction of a greater focus on Asian language and culture in Australian school curricula, these recommendations did not specify a time frame for their introduction. Garnaut's report was noted for the breadth of policy coverage as well as its long term vision for the future of Australian relations with Northeast Asia.

In contrast, Reid very much developed a specific policy response with a narrower focus than that covered by Garnaut. However, with her recommendation for a strategy of education and understanding in order to contain the spread of a preventable infectious disease, in political terms this

narrow focus did not detract from its importance. Without the overall direction provided by the Commonwealth Government's strategy for HIV/AIDS that issue would very probably have become a source of great division in the community. By establishing a process of review which involved key stakeholders, Reid instituted a process of policy learning which allowed interest groups to better understand the disease, thus reducing the hysteria surrounding it and enabling the Human Immunodeficiency Virus to be effectively managed both within affected groups and the wider society. In terms of the possibilities before government for managing policy change Reid's policy consulting strategy is characteristic both of types three and four in our typology.

Figure 3.4: Possibilities for Government Strategies to Manage Policy Change.

		The Degree of Policy Change Desired	
		Incremental	Fundamental
Entrenchment of Issue within Institutional Forces	Less Entrenched	1. Developing policy primarily within established policy-making institutions.	2. Developing policy largely outside of existing policy-making institutions.
	Deeply Entrenched	3. Reviewing policy primarily within established policy-making institutions.	4. Reviewing policy largely outside of existing policy-making institutions.

The reviews by Cass, Persson and Fitzgerald are more similar to each other in terms of the schema in Figure 3.4 for arraying the degree of policy change

desired and the entrenchment of issues within institutional forces than they are to the work of Garnaut and Reid. Each was dealing with clearly defined government portfolios and yet was broad enough to cover many of the issues within each portfolio. They were more clearly reviews of existing policy fields covered by a government department, reviews brought about by government because of wider strategic changes affecting the social security, public housing and immigration policy fields, as discussed in Chapter Ten. The reviews of Social Security, Housing and Immigration then are representative of both strategies three and four for managing policy change. Each involved an ongoing process of review which had implications beyond their immediate portfolio. For example, the recommendations made in Cass' review could impact on education and training, Persson's review impacted on Federal-State relations, and Fitzgerald's review impacted on Social Security. In the end, however, each refocussed their respective departments to be more efficient in the delivery of their particular programs.

Conclusion One: Consultancies can work well as vehicles for advocating fundamental policy change where issues are controlled by entrenched institutional forces and are thus difficult for individual ministers and even governments as a whole to review and undertake new policy directions.

POLICY CONSULTING: CRITERIA FOR ASSESSMENT

In Chapter Four four criteria for assessing the effectiveness of the way in which policy consultancies are carried out were identified. They were: the scope of the terms of reference (were they broad enough to provide the consultant with a sufficient mandate to address the basic issues?); the comprehensiveness of the basic research into the issues by the consultant or their agents (was the research well considered or superficial?); the degree of

involvement with key stakeholders in the policy field (were the stakeholders engaged in the process of review or were they largely ignored?); and the degree of innovation in the recommendations or strategies arising out of the consultancy (did the recommendations bring about fundamental change or were they simply incremental changes to existing policy?), remembering, of course, that the degree of innovation is heavily influenced by what is called for in the terms of reference which will undoubtedly influence the capacity of any consultant to recommend radical change. Innovative strategies can, however, arise from even narrow terms of reference.

Using these criteria, the policy consultancies reviewed in this thesis can be seen as effective. None of the five cases was excessively constrained by the terms of reference; all reviews considered were systematic in their basic research; all consultants went to considerable lengths to consult key stakeholders; and - notwithstanding the call for such in the terms of reference - all recommended innovative strategies (though not necessarily radical ones) for dealing with the issue.

While the Social Security Review did not include housing and taxation policy, for example, within its terms of reference this did not constrain Bettina Cass from covering key programs within the Department of Social Security. Working with the Department's Social Policy Division, arguably then the best source of basic research on such issues in Australia, Cass was able to ensure that a very high level of basic research underpinned the papers and reports emanating from the Review. Cass also made a considerable effort to involve stakeholders through direct consultations and an extensive range of seminars and conferences around the nation throughout the period of the Review. While the outcomes were regarded as

innovative, in that they greatly improved the targeting and coordination between social security payments and labour market programs, they were largely within the existing Social Security portfolio. Although the Social Security Review did not dramatically change Australia's social welfare system it gave new emphasis to the links between social welfare and employment, education and training.

Dick Persson's National Housing Policy Review was primarily concerned with public housing provided by the state housing authorities and with financial assistance schemes for first home buyers. His review did not address other important aspects of housing, such as taxation policy. Nevertheless, given the size of the Commonwealth's commitment to public housing via the CSHA and the FHOS, his mandate was wide enough to allow for innovative solutions. By engaging private consulting firms, merchant banks and academics in the process of review Persson also ensured that a high level of basic research supported his recommendations. He also involved stakeholders, including politicians from all political parties, many of whom at that time were unsure about supporting continued investment in public housing or the provision of rental rebates at a time of high interest rates, as well as representatives of housing and real estate interests and low income housing associations. Persson's outcome of a renegotiated CSHA, one which assisted the States to contain their public housing debt, is innovative in terms of Commonwealth-State relations and the Commonwealth's acceptance - at least in the short term - of a greater responsibility for funding public housing.

Stephen Fitzgerald's review of Immigration had broad terms of reference, possibly a function of the many ministerial changes in the immigration portfolio in the first five years of the Hawke governments leading up to the

review and the recognition of political sensitivities around immigration. His Committee also engaged academics and commercial consultants to undertake large research programs into community perceptions about immigration. Fitzgerald also had access to departmental staff to assist with this research. He was, however, critical of the competence of the Department of Immigration and Ethnic Affairs over its basic research capacity, something which was evident in his recommendations supporting an immigration research bureau. The nature of this policy field demanded a high level of involvement from key stakeholders. Fitzgerald was, to a degree, assisted with this aspect of his review by high profile ethnic community representatives on his Committee. However, given the ethnic diversity within Australia's migrant population, not all groups could be represented on his Committee, which was also to be a source of conflict. Fitzgerald and his colleagues consulted widely through conferences and seminars throughout Australia. In terms of the history of Australian migration his theme of a 'Commitment to Australia' was certainly innovative. The possibility that the full entitlements of Australian residence might be limited because one did not make a commitment to Australia through the taking out of citizenship caused considerable discussion within the ethnic community. The subsequent revision of the Migration Act, giving greater autonomy within a specific framework for assessing eligibility, took away much of the previous ambiguity and uncertainty for migration officers working overseas, decision-making that was, until the review's recommendations were taken up, carried out centrally in Canberra. The debate over the total intake of migrants and the relative proportions of the intake between the categories of economic, family reunion and refugees remained. In this sense the Immigration Review can be regarded as innovative yet taking place largely within the existing immigration framework.

The consultancy on policies for dealing with HIV/AIDS had quite specific terms of reference within an area of public health with which the government and its officials had little experience. The opportunity for innovation in relation to how this new disease could be managed was great. Reid's consultancy was not concerned with medical research into the disease, *per se*, because HIV/AIDS was known to be a preventable disease; her focus was on the public policy implications. The single most important strategy recommended by this consultancy was the use of education and increased understanding about the disease to minimise its spread. Involvement of key stakeholders, namely the high risk groups, in this process of education and understanding about how to prevent infection and thus manage the disease was central to the success of the development of Australia's HIV/AIDS strategy. The eventual inclusion of the medical profession within this strategy was an important addition to this management strategy. Internationally Australia's HIV/AIDS strategy became known as being most innovative, challenging the existing framework which typically required serious infectious diseases to be reported by health workers.

With his report, *Australia and the Northeast Asian Ascendancy*, Garnaut saw himself with the widest terms of reference from both the Prime Minister and the Minister for Foreign Affairs to 'tie down a perspective' on issues surrounding Australian trade with Northeast Asia. He was successful in increasing national discussion and debate on these issues. The Department of Foreign Affairs and Trade and his own Research School of Pacific and Asian Studies at the Australian National University provided a high level of basic research for his review. Garnaut consulted at the highest level with politicians, heads of government departments, State Premiers

and business leaders. He also visited many Asian nations, meeting politicians, senior officials and business leaders. The outcomes from his review were regarded as highly innovative, challenging the existing framework surrounding Australia's relations with its Asian neighbours.

Had any of these policy consultancies been severely restricted on any one of these four criteria it is unlikely that they would have had a high level of impact within their policy field. Clear purpose, thorough research, engagement of key stakeholders and advocacy of innovation in public policy are key factors for successful policy consulting. They are also key factors in successful public policy change and if done by independent, sympathetic third parties, such as the consultants identified in this thesis, they provide government with the opportunity to introduce significant policy changes within a relatively short time frame with minimal political damage and free of the administrative burdens of traditional institutions and processes.

Conclusion Two: Effective policy consultancies require an appropriate balance between the terms of reference, the comprehensiveness of the basic research into the issues, the degree of involvement with key stakeholders in the policy field, and the degree of innovation in the recommendations or strategies arising out of the consultancy.

PUBLIC POLICY PROBLEMS AND CONSULTANT PROBLEM SOLVING

In Chapter Four it was proposed that in successful policy consulting there is a relationship between the nature of the consultants' recommendations and their assumptions about the nature of the problems they are addressing, or 'solving' (Table 4.3). For example, when reviewing wicked social policy issues effective policy consultants makes strategic recommendations beyond

the mandate of the current systems of governance. They have an 'appreciative system' (Vickers 1968) that appropriately judges the relationship between the problem and the way it should be 'solved'. The importance of the competence of the policy consultant in both managing a process of strategic change while recommending implementable policies was identified in that chapter. It also appears from the consulting literature that the quality of the relationship with actors in the policy field able to assist with problem solving also influences the success of the policy consultant. Table 4.3 provided a schema for arraying the scope of a consultant's recommendations with the assumptions underpinning the consultant's problem-solving approach. Each of the five consultancies discussed in Chapter Ten effectively managed a problem solving process which successfully engaged key players in the policy field and made recommendations that provided for strategic change in each policy field which reflects the relationship proposed in Table 4.3.

At least three of the five consultancies reviewed in this research were carried out by consultants whose world views were developed within an academic culture. Table 4.2 (p. 105) presented Szanton's (1981) views of the differences between the attributes of academic and governmental cultures. The present research found that the success of the academic consultant was, in part, due to their ability to work within the governmental culture. While this is not always the case, as Szanton's research showed, all of the consultants reported on in this thesis, and in particular those by Cass, Garnaut and Fitzgerald, were successful largely because they were able to integrate the cultural orientation of government and its administration with the traditions of their academic culture. The latter ensured that there was rigour in the analysis of the policy field, which we have already noted to be a hallmark of successful policy consulting. Equally they were able to

successfully communicate with politicians and key officials beyond the superficial niceties of client-consultant relationships characteristic of the prescriptive consulting models outlined in the first Part of this thesis to address the challenging policy issues as outlined in Chapter Ten. Cass, for example, had many in-depth discussions with Minister Howe about the implications of social security policy choices, discussions which she reported caused each to strongly challenge the other's assumptions.

Conclusion Three: Effective policy consulting demands an understanding of the relationship between recommendations made and assumptions held about the nature of the problems addressed.

EFFECTIVE STRATEGIES FOR MANAGING POLICY CONSULTANTS

The experience of the consultancies outlined in this thesis suggests a number of important points that governments may usefully remember when engaging and working with consultants to review public policy. Table 11.2 contrasts effective and ineffective strategies for engaging and working with policy consultants. These emerge from discussion above.

First, the consultant must have a similar 'world view' of the policy field to that of the political party which engages him or her. Governments probably do not engage an apparently disinterested expert to review public policy without some assurance that he or she holds a similar philosophical position to the governing party. Where governments genuinely attempt to make policy changes and seek advice from a consultant to that end the consultant must have a 'feel' for the client's philosophy and the direction in which the party is heading but must not be overtly captured by that philosophy. The 'legitimation' role which the policy consultant plays is largely a function of distance from entrenched institutional interests in that

their expertise is based in credible institutions not central to the policy-making process.

Second, it is essential at the outset for both the consultant and the client to actively engage interested parties and to maintain this involvement throughout the review. Interested parties would typically seek involvement, often using the threat of adverse media coverage to do so, making it is essential to ensure their early and continuing involvement.

Third, and as a corollary to the involvement of known interest groups, it is also an effective strategy for the consultant and the client to actively publicise the review process and the parameters for the review. Assumptions about interested parties may not hold true as the review progresses and other parties may develop an interest and contribute to the process of review. Effective consultancies are always open to the possibility of involvement from groups seemingly uninvolved, at first sight.

Fourth, the policy consultant must also have a high level of research skills in the policy field. This is an essential criterion as competent policy analysis demands high level research skills. Given the growing complexity of the policy environment, consultants must be able to accurately interpret trends if they are to effectively advise government.

Fifth, not only should the policy consultant have the research skills needed within the policy field but he or she should have broad knowledge and understanding of the field. Past experience in the nuances and vagaries of policy in a particular field as an administrator, politician, academic or interest group leader, for example, is essential. Policy consultants must be

able to communicate and advocate change in a policy field based on their broader understanding.

Table 11.2: Contrasting effective and ineffective strategies for engaging and working with policy consultants.

Effective	Ineffective
Consultant has similar 'world view' of the policy field as the party that engages them	Consultant does not share the same 'world view' of the policy field as the party that engages them
Consultant and Client actively engage interested parties at the outset and maintain interest throughout the review	Consultant and Client ignore interested parties
Consultant and Client actively publicise the review process and the parameters for the review	Consultant and Client do not publicise the review process and the parameters for the review
Consultant has high level of research skills in policy field	Consultant has low level of research skills in policy field
Consultant has proven breadth of knowledge and understanding in the policy field	Consultant has poor knowledge and understanding in the policy field
Consultant has a high level of commitment to reviewing the policy field	Consultant does not have the necessary commitment to sustain them during the review
Consultant is able to successfully communicate the basis for change	Consultant is less successful in communicating the basis for change
Client understands the relationship between the process of review and the need for substantive outcomes	Client focussed only on substantive outcomes of review
Client provides extensive assistance with policy research	Client abstains from assistance with policy research
Client supports consultant in the face of media coverage	Client leaves consultant to own ends in dealing with the media
Client Minister does not preempt outcome	Client Minister second guesses consultant outcome

Sixth, the policy consultant must also have a high level of commitment to the task of reviewing the policy field. This commitment should be based on a genuine desire for improvement within the particular field, rather than a valuing of change for change's sake.

Seventh, effective policy consultants are able to successfully communicate the reasons and basis for change in a positive and optimistic manner. This demands a high level of personal skills and enthusiasm to sustain them through what can be a challenging and personally trying time.

Eighth, the client organisation - typically a government department - must understand the important relationship between the need to manage a process of review versus the need to readily identify substantive public policy outcomes. If the organisation is comfortable with and can manage the ambiguity and uncertainty this strategy creates then it is more likely that the policy recommendations arrived at will be implemented. Amidst social turbulence and change, the ability of governments and their administrators to deal with the political tension inherent in the ambiguity and uncertainty of a process of policy review and not to focus too soon on policy outcomes is a hallmark of effective leadership in public administration.

Ninth, in order for the policy consultant to have the very best information on which to carry out their assessment it is essential that the client organisation provide them with competent research assistance throughout the review. It is also of great benefit to client organisations to be involved in this process. The learning that comes with involvement and hence better understanding is immensely beneficial when that organisation is responsible for policy implementation, long after the consultant has left.

Tenth, the adversarial approach to policy matters by a news hungry media places great pressure on public institutions that subject their policies to review by a consultant. The focus of the media is typically on the consultant. In the light of this media attention, the client organisation will ultimately manage an effective policy review if it empowers the consultant by publicly supporting the process of review and the consultant's role in that review. This can be done by providing the consultant with relevant information in a timely manner giving him or her every opportunity to be seen as competent in the eyes of the media.

The eleventh characteristic of effective policy consultancies is the role the client minister plays in the review process. As the media looks to key players associated with the review they will focus on the minister as well as the consultant. Therefore the minister has to be at one with the consultant, at least in terms of the review process. While the government will have an interest in the consultant's recommendations, as they typically have an impact beyond just that of the client department, the minister should not criticise the consultant's work at least until after the time agreed to undertake the review.

Finally, it is important to recall when identifying effective strategies for the policy consultant that consultants are managing a *process of review* which, of course, must ultimately specify substantive outcomes or solutions. When these outcomes or solutions are successfully negotiated with key stakeholders in the policy field they are more readily accepted by government. It is the management of this process of review that largely determines the success of the policy consultancy.

The continuing rapid rate of change in Australian society means that the public policy-making process must manage a diverse range of issues in a responsive and politically acceptable manner. When combined with a strategy of 'smaller government', consistent with Osborne and Gaebler's (1992) principles for 'reinventing government' as outlined in Chapter Two, and increasing social, economic and political complexity, the demand for professional advice from individuals and institutions outside our 'Washminster' system of government is most likely to continue. Governments will look for new sources of advice, such as consultants, bringing important structural and relationship changes between established institutions. Consultants work well as policy change agents when the bureaucracy is losing substantive expertise and is frightened of advocating radical change and when the political focus is on private-sector type activities. Conversely the established institutions of public administration and decision-making procedures between these institutions are able to work more easily during periods of relative economic and political stability.

As government outsourcing becomes the norm, the division between the public and the private sector becomes less clear and as the policy environment becomes more turbulent the use of consultants in the policy-making process in Australian government is likely to become a feature of the policy-making process. Future research on these changes at all levels of the policy-making process will assist in improving the effectiveness of the use of consultants in general, and policy consultants in particular. This research should occur at the strategic, managerial and operational levels (after Fombrun, Tichy and Devanna 1984).

At the strategic level of government decision-making, greater understanding of the process of review as a key part of policy-making needs

to be better understood within the system of government. The institutional arrangements that surround the engagement of consultants, including the way in which they interrelate with the Parliament, ministers and their departments, central agencies (if the consultancy is in a program department) and the department itself needs greater clarification and explanation.

Public sector managers have been increasingly involved with consultants over the 1980s and 1990s, and are expected to continue this involvement in the future. How these managers relate to consultants, managing the interface between the consultants and subordinate staff, is also an important task beyond the traditions of Australian public administration. While the 'Better Buying' guides of the Purchasing Reform Group in the Department of Administrative Services offer training programs on the engagement of consultants (who in our terms are contractors) there is still very little acknowledgment of the need for management development in the engagement and management of consultants in programs sponsored by central agencies, such as those run by the Public Service Commission, or those with a policy focus of the kind discussed in this thesis.

At the operational level of government much more work needs to be done on managing consultants. While this research was not focussed on the procedural aspects of managing consultants working in organisations, the assumption is that effective operational support in the management of consultants must complement strategic and managerial actions.

In a context likely to be one of increasing turbulence and change, future Australian public policy-making will almost certainly be characterised by a continuing use of consultants to assist with, amongst many aspects of

government, the review of public policy. Their use is a reflection of the changing nature of government, its size, its relations with its constituents, the interrelatedness and complexity of issues and increased public demand for professionalism in the business of government.

ACTU Industry Committee (1990), *Australian Manufacturing and Industry Developments: Policies and Prospects For The 1990s and into the 21st Century* ACTU, Melbourne.

Alder, W. J. (1987), 'We're Glad We Don't Know Your Business', in *Journal of Management Consulting*, Vol. 3, No. 3, pp. 28-32.

Argyris, C. (1961), 'Explorations in Consulting-Client Relationships', in *Human Organization*, Vol. 20, No. 3, pp. 121-133.

Atkinson, M. M. and W. D. Coleman (1992), 'Policy Networks, Policy Communities and the Problems of Governance' in *Governance: An International Journal of Policy and Administration*, Vol. 5, No. 2, pp. 154-180.

Australian Chamber of Manufactures (1988), *Submission to the Committee to Advise on Australia's Immigration Policies*, Sydney, Australian Chamber of Manufactures.

Australian Council of Trade Unions (1988), *Submission to the Committee to Advise on Australia's Immigration Policies*, Melbourne, ACTU.

Australian Manufacturing Council (1990), *The Global Challenge*, Melbourne, Australian Manufacturing Council.

BIBLIOGRAPHY

ACTU,TDC (1987), *Australia Reconstructed*, Canberra, Australian Government Publishing Service.

ACTU Industry Committee (1990), *Australian Manufacturing and Industry Development: Policies and Prospects For The 1990s and into the 21st Century* ACTU, Melbourne.

Altier, W. J. (1987), 'We're Glad We Don't Know Your Business', in *Journal of Management Consulting*, Vol. 3, No. 3, pp. 28-32.

Argyris, C. (1961), 'Explorations in Consulting-Client Relationships', in *Human Organisation*, Vol. 20, No. 3, pp. 121-133.

Atkinson, M. M. and W. D. Coleman (1992), 'Policy Networks, Policy Communities and the Problems of Governance' in *Governance: An International Journal of Policy and Administration*, Vol 5, No. 2, pp. 154-180.

Australian Chamber of Manufactures (1988), *Submission to the Committee to Advise on Australia's Immigration Policies*, Sydney, Australian Chamber of Manufactures.

Australian Council of Trade Unions (1988), *Submission to the Committee to Advise on Australia's Immigration Policies*, Melbourne, ACTU.

Australian Manufacturing Council (1990), *The Global Challenge*, Melbourne, Australian Manufacturing Council.

Bailey, F. G. (1977), *Morality and Expediency: The Folklore of Academic Politics*, Chicago, Aldine.

Baker, J. R. (1989), 'From Management to Leadership: A Comparative Perspective on Leadership in the Australian Public Service' in *Australian Journal of Public Administration*, Vol. 48 No. 3, September, pp. 249 - 264

Ballard, J. (1992), 'Australia: Participation and Innovation in a Federal System' in D. L. Kirp and R. Bayer (eds) *AIDS in the Industrialised Democracies: Passions, Politics, and Policies*, New Jersey, Rutgers University Press.

Barber, W. and W. Nord (1977), 'Transactions Between Consultants and Clients: A Taxonomy', *Group and Organisation Studies*, Vol. 2, No. 2, June, pp. 198 - 215.

Barr, N. (1992), 'Economic Theory and the Welfare State: A Survey and Interpretation', *Journal of Economic Literature*, Vol 30, pp 741 - 803.

Bayer, R and D. L. Kirp (1992), 'An Epidemic in Political and Policy Perspective' in D. L. Kirp and R. Bayer (eds) *AIDS in the Industrialised Democracies: Passions, Politics, and Policies*, New Jersey, Rutgers University Press.

Beckhard, R. (1959), 'Helping a Group with Planned Change', in *The Journal of Social Issues*, Vol. 15, No. 2, pp. 13-19.

Benne, K.D. (1959), 'Some Ethical Problems in Group and Organisational Consultation', in *The Journal of Social Issues*, Vol. 15, No. 2, pp. 60-67.

Benveniste, G. (1972), *The Politics of Expertise*, Berkeley, Glendessary Press.

Bloomfield, B. P. and A. Best (1992), 'Management Consultants: systems development, power and the translation of problems' in *The Sociological Review*, Vol 40, pp. 533 - 560.

Boudon, R. (1982), *The Unintended Consequences of Social Action*, London, Macmillan.

Brewer, G. D. (1973), *Politicians, Bureaucrats, and the Consultant: A Critique of Urban Problem Solving*, New York, Basic Books.

Briggs, A. (1961), 'Cholera and Society in the Nineteenth Century', *Past and Present: A Journal of Historical Studies*, Vol 19 (April) pp. 76 - 96.

Briggs-Myers, I. (1982), *Gifts Differing*, Palo Alto, Consulting Psychologists Press.

Bruchey, S. (1968), *The Roots of American Economic Growth, 1607-1861: An Essay in Social Causation*, New York, Harper Torch Books.

Bryson, J. M. (1988), *Strategic Planning for Public and Non-Profit Organisations*, San Francisco, Jossey Bass.

Bulmer, M., K. G. Banting, S. S. Blume, M. Carley and C. Weiss eds (1986), *Social Science and Social Policy*, London, Allen and Unwin.

Cass, B. (1988b), *Income Support for the Unemployed in Australia: Toward*
Canberra Times, 2 July, 1988.

Australian Government Publishing Service.

Canberra Times, 15 April, 1989

Cass, B., R. Gibson and F. Tilo (1988), *Towards Enabling Policies: Income*
Canberra Times, 2 May, 1989.

No. 5, Canberra, Australian Government Publishing Service.

Canberra Times, 23 March, 1993.

Cass, B. (1989a), 'The new trilogy: wages, taxes and welfare', *Australian*

Carroll, J. and R. Manne (eds) (1992), *Shutdown: The Failure of Economic*
Rationalism and How to Rescue Australia, Melbourne, Text Publishing.

Cass, B. (1989b), 'Defending and Reforming the Australian Welfare State'

Cass, B. (1982), *Family Policies in Australia: Contest over the Social Wage*,
 Sydney, Social Policy Research Centre, University of New South Wales.

Cass, B., M. O'Loughlin (1984), *Social Policies for Single Parent Families in*
Australia: An Analysis and a Comparison with Sweden, Sydney, Social
 Policy Research Centre, University of New South Wales.

Castles, F. (1988), *Australian Public Policy and Economic Vulnerability*,

Cass, B. (1986a), *The Case for Review of Aspects of the Australian Social*
Security System, Canberra, Commonwealth Department of Social Security.

Castles, F. (1989a), 'Australia's reversible citizenship', *Australian Society*,

Cass, B. (1986b), *Income Support for Families with Children: Social Security*
Review Issues Paper No. 1 Canberra, Australian Government Publishing
 Service.

F. (1989b), 'Australia's inequality paradox', *Australian Society*,

Cass, B. (1988a), 'New directions for work and welfare', *Australian Society*,
 supplement to the December 1988/January 1989 issue, pp. 20 - 23.

December 1989/January 1990, pp. 29 & 30.

Cass, B. (1988b), *Income Support for the Unemployed in Australia: Toward a More Active System: Social Security Review Issues Paper No. 4*, Canberra, Australian Government Publishing Service.

Cass, B., F. Gibson and F. Tito (1988), *Towards Enabling Policies: Income Support for People with Disabilities: Social Security Review Issues Paper No. 5*, Canberra, Australian Government Publishing Service.

Casson, A. (1986), *Corporatism and Political Theory*, Oxford, Basil Blackwell.

Cass, B. (1989a), 'The new trilogy: wages, taxes and welfare', *Australian Society*, July, pp. 34 - 36.

Centre for Immigration and Multicultural Studies (1988), *Australian 1988*, Canberra, Australian Government Publishing Service.

Cass, B. (1989b), 'Defending and Reforming the Australian Welfare State: Some Ideas for the Next Decade', in L. Orchard and R. Dare (eds), *Markets, Morals and Public Policy*, Sydney, Federation Press.

Cass, B. (1990), 'Choosing a Consulting Role' in *Training and Development Journal*, February.

Cass, B. and P. Whitford (1989), 'Social Security Policies', in B. W. Head and A. Patience (eds), *From Fraser to Hawke*, Melbourne, Longman Cheshire.

Community, *Current Affairs Bulletin*, Vol. 67, No. 6, pp. 4-14.

Castles, F. (1988), *Australian Public Policy and Economic Vulnerability*, Sydney, Allen and Unwin.

Castles, F. (1989), *Work in Transition: A Study of Institutional Insecurity*, Los Angeles, University of California Press.

Castles, F. (1989a), 'Australia's reversible citizenship', *Australian Society*, September, pp. 29 - 30.

Castles, F. (1989b), 'Australia's inequality paradox', *Australian Society*, November, pp. 44 - 45.

Castles, F. (1989b), 'Australia's inequality paradox', *Australian Society*, November, pp. 44 - 45.

Cohen, Y. and R. F. T. (1987), *Corporatism and Pluralism: A Critique*, London, Routledge.

Castles, F. (1990a), 'Economic growth from woe to go' *Australian Society*, December 1989/January 1990, pp. 29 & 30.

Castles, F. (1990b), 'Export success and social protection' *Australian Society*, March, pp. 36 - 37.

Castles, F. (1991), 'Is Australia the poor relation?' *Australian Society*, January-February, pp. 47 - 48.

Cawson, A. (1986), *Corporatism and Political Theory*, Oxford, Basil Blackwell.

Centre for Immigration and Multicultural Studies (1988), *Australian 1988*, Canberra, Australian National University.

Champion, D. P., D. H. Kiel and J. A. McLendon (1990), 'Choosing a Consulting Role' in *Training and Development Journal*, February.

Cheeseman, G. (1990), 'The Wrigley Review: Defence and the Australian Community', *Current Affairs Bulletin*, Vol. 67, No. 6, pp. 4 - 14.

Clark, B. (1956), *Adult Education in Transition: A Study of Institutional Insecurity*, Los Angeles, University of California Press.

Codd, M. (1991), *Federal Public Sector Management Reform: Recent History and Current Priorities*, Public Service Commission Occasional Paper No. 11, Canberra, Australian Government Publishing Service.

Cohen, Y. and F. Pavoncello (1987), 'Corporatism and Pluralism: A Critique of Schmitter's Typology' in *British Journal of Political Science*, Vol 17, Pt 1, pp. 117 - 122.

Coleman, R., (1988), *The Art of Work: An Epitaph to Skill*, London, Pluto Press.

Commonwealth Department of Aboriginal Affairs Annual Report 1987/88, AGPS, Canberra.

Commonwealth Department of Administrative Services (1988), *The Engagement of Consultants: Guidelines for Commonwealth Officers*, Canberra, Australian Government Publishing Service.

Commonwealth Department of Health, Housing and Community Development (1991), *National Housing Strategy*, Canberra.

Commonwealth Department of Health, Housing and Community Development (1991), *National Health Strategy*, Canberra.

Commonwealth Department of Industry and Commerce, (1981), *The Automotive Component: Manufacturing Industry in Australia*, Canberra, Australian Government Publishing Service.

Commonwealth of Australia (1988), *AIDS: A Time to Care, A Time to Act: Towards a Strategy for Australians (a policy discussion paper)*, Canberra Australian Government Publishing Service.

Commonwealth of Australia (1989), *National HIV/AIDS Strategy (a policy information paper)*, Canberra Australian Government Publishing Service.

Commonwealth Parliamentary Debates (1988), Vol Senate 130, p. 3753.

Considine, M. (1988), 'The Corporate Management Framework as Administrative Science: A Critique', in *Australian Journal of Public Administration*, Vol. XLVII, No. 1, March, pp. 4 -18.

Considine, M. (1994), *Public Policy: A Critical Approach*, Melbourne, MacMillan.

Cook, J. and J. Clarke (1990), 'Racism and the Right' in B. Hindess (ed), *Reactions to the Right*, London, Routledge.

Crompton, C. (1986), *Too Old for a Job, Too Young for a Pension? Income Support for Older People Out of Work: Social Security Review Issues Paper No 2*, Canberra, Australian Government Publishing Service.

Cullen, R. B. (1987), 'Business, Government and Change: Managing Transition in the Public and Private Sectors', *Australian Journal of Public Administration*, Vol. XLVI, No. 1, March, pp. 10 - 19.

Davey, N. G. (1971), *The External Consultant's Role in Organisational Change*, East Lansing, Michigan State University.

Davis, G. (1990), 'Media Policy' in Jennett, C. and R. G. Stewart (eds), *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Davis, G., J. Wanna, J. Warhurst and P. Weller (1988), *Public Policy in Australia*, Sydney, Allen and Unwin.

Davis, K. (1989) 'Managing the Economy' in B. W. Head and A Patience (eds), *From Fraser to Hawke*, Melbourne, Longman Cheshire.

Dawkins, J. S. (1985), 'Reforms in the Canberra System of Public Administration', *Australian Journal of Public Administration*, Vol. XLIV, No. 1, March, pp. 59 - 72.

Denhardt, R. B. (1984), *Theories of Public Organisation*, Monterey, Brooks/Cole.

Denhardt, K. G. (1988), *The Ethics of Public Service: Resolving Moral Dilemmas in Public Organisations*, New York, Greenwood Press.

Denhardt, K. G. (1990), 'Privatization and Legitimacy', mimeograph, Graduate School of Public Affairs, University of Colorado at Denver.

Directions in Government (1988/89), 'Justifying consultancies', Vol. 2, No. 10, December/January, pp. 16 - 21.

Dodson, J. (1988), 'PS revamp brightens outlook for advisers', *Financial Review*, 13 January, p. 6,

Doktor, R. H. and W. F. Hamilton (1973), 'Cognitive style and the acceptance of management science recommendations.' in *Management Science*, Vol 19, pp. 884 - 894.

Dow, G. (1984), 'The Case for Corporatism: A Second Look at the Hawke Government's tendencies toward 'Corporatism'', in *Australian Society*, November, pp. 14 - 16.

Eastgate, J. (1989), editorial in *Shelter - National Housing Action*, Vol 6, No. 1.

Economist (1988), 'Outside Looking In: A Survey of Management Consultancy', 13 February, pp. 3 - 18.

Econsult Pty Ltd (1989), *Housing Allowances in the Australian Context, National Housing Policy Review, Background Paper No. 1*, Canberra , Department of Community Services and Health.

Edwards, M. and G. Leeper (1990), 'Social Policies - Sustainable towards the Year 2000?' in P. Whiteford, *Social Policy in Australia: What Future for the Welfare State*, Kensington, Social Policy Research Centre, University of New South Wales.

Emery, F. E. and E. L. Trist (1964), 'The Causal Texture of Organisational Environments', in *Human Relations*, Vol. 18, No. 1, pp. 21-32.

Emy, H. (1992), 'How the dreaded econocrats seized power in the PS' in *The Canberra Times*, Monday, July 20, p. 11.

Erikson, E. (1963), *Childhood and Society*, New York, Norton.

Etzioni, A. (1967) 'Mixed Scanning: a 'third' approach to decision-making' in *Public Administration Review* Vol 27, No. 5, pp. 385 - 392.

Etzioni-Halevy, E. (1985), *The Knowledge Elite and the Failure of Prophecy*, London, Allen & Unwin.

Evatt Research Centre (1989), *State of Siege: Renewal or privatisation for Australian public services?*, Sydney, Pluto Press.

Evatt Research Centre (1990), *Breach of Contract: Privatisation and the Management of Australian Local Government*, Pluto Press, Sydney.

Ferguson, M. (1980), *The Aquarian Conspiracy: Personal and Social Transformation in the 1980's*, Los Angeles, J. P. Tarcher.

Financial Review, (1988), 'Management Consultants', 28 January, pp. 39-51.

Financial Review, (1989), 'Government poised to launch retirement revolution', 26 June.

Fisher, R. and S. Brown (1989), *Getting Together: Building a Relationship that Gets to Yes*, Sydney, Century Hutchinson.

Fischhoff, B., P. Slovic, S. Lichtenstein (1979), 'Which Risks are Acceptable'. *Environment*, Vol 21, pp. 17 - 38.

Fitzgerald, V. (1991), 'The Vision of the Garnaut Report: Australia as a Bridge to Asia' in Marsh, I (editor, special edition), 'Internationalising Australia's Economy: Public Policy Forum on the Garnaut and A.M.C. Reports, 20-21 July, *Australian Journal of Management*, Sydney, Australian Graduate School of Management.

Fombrun, C., N. Tichy and M. Devanna (1984) *Strategic Human Resource Management*, New York, John Wiley and Sons.

Foster, C. (1988), *Towards a National Retirement Incomes Policy: Social Security Review Issues Paper No. 6*, Canberra, Australian Government Publishing Service.

Corman, A. (1989), *The Secret Army*, Sydney, Corporate Impact.

Fukuyama, F. (1992), *The End of History and the Last Man*, London, Penguin.

Greene, J. (1991), 'Turning Disease Into Political Cause: First AIDS, and Now Breast Cancer', *The New York Times*, Monday, January 7, p. A12.

Gallessich, J. (1982), *The Profession and Practice of Consultation: A Handbook for Consultants, Trainers of Consultants, and Consumers of Consultation Services*, San Francisco, Jossey-Bass.

Garnaut, R. (1989), *Australia and the Northeast Asian Ascendancy*, Canberra, AGPS.

Hall, P. (1982), *Great Planning Disasters*, Berkeley, University of California Press.

Gerritsen, R. (1986), 'The Necessity of 'Corporatism': The Case of the Hawke Labor Government' *Politics*, Vol 21, No. 1, pp. 45 - 54.

Hall, P. (1982), *Great Planning Disasters*, Berkeley, University of California Press.

Gibb, J. (1959), 'The Role of the Consultant', in *The Journal of Social Issues*, Vol. 15, No. 2, pp. 1-4.

Balligat, J. and J. Power (1992), *Political Management in the*

Gibson, D. (1990), 'Social Policy', in Jennett, C. and R. G. Stewart (eds), *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Emphirical Study of the Factors Predicting Change Agents' Effectiveness', in

Goldhammer, H. (1978), *The Adviser*, New York, Elsevier.

Goodin, R. E. and J. Le Grand (1986), 'Creeping Universalism in the Welfare State: Evidence from Australia' *Journal of Public Policy*, pp 255 - 274.

Gorman, A. et al (1987), 'Consultants to Government' in G.O., March, pp. 50-51+.

Gorman, A. (1989), *The Secret Army*, Sydney, Corporate Impacts.

Gross, J. (1991), 'Turning Disease into Political Cause: First AIDS, and Now Breast Cancer', *The New York Times*, Monday, January 7, p. A12.

Gruen, F. and M. Grattan (1993), *Managing Government: Labour's Achievements and Failures*, Melbourne, Longman Cheshire.

Guttman, D. and B. Willner (1976), *The Shadow Government: The Government's multi-billion-dollar giveaway of its decision-making powers to private management consultants, 'experts,' and think tanks*, New York, Pantheon Books.

Hall, P. (1982), *Great Planning Disasters*, Berkeley, University of California Press.

Halligan, J. and J. Power (1992), *Political Management in the 1990s*, Melbourne, Oxford University Press.

Hamilton, E. (1988), 'The Facilitation of Organisational Change: An Empirical Study of the Factors Predicting Change Agents' Effectiveness', in *The Journal of Applied Behavioural Science*, Vol. 24, No. 1 pp. 37-59.

Hammer, D. and A. Wildavsky 'The Open-ended, Semistructured Interview: An (almost) Operational Guide' in A. Wildavsky ed (1989),

Craftways: On the Organisation of Scholarly Work, New Brunswick, Transaction Books.

Handy, C. (1989), *The Age of Unreason*, London, Arrow Books.

Hanf, K. and F. W. Scharpf eds (1978), *Interorganisational Policy Making: Limits to Coordination and Central Control*, Beverly Hills, Sage.

Harvey, D. (1989), *The Condition of Postmodernity*, Oxford, Basil Blackwell.

Hassan, I. (1985), 'The culture of postmodernism' *Theory, Culture and Society*, Vol 2, No. 3, pp. 119 - 132.

Hawkins, F. (1988), *Canada and Immigration: Public Policy and Public Concern*, Kingston, McGill-Queen's University Press.

Hayward, D. (1989), 'Housing in the '80s: What went wrong?' in *Urban Policy and Research*, Vol 7, No. 4, pp. 179 - 181.

Head, B. W. and A Patience (eds) (1989), *From Fraser to Hawke*, Melbourne, Longman Cheshire.

Head, B. W. (1989), 'Parties and the Policy Agenda 1978-1988', in B. W. Head and A Patience (eds), *From Fraser to Hawke*, Melbourne, Longman Cheshire.

Head, B. (1990), 'Corporatism' in J. Summers, D. Woodward and A. Parkin (eds), *Government, Politics and Power in Australia*, 4th edition, Melbourne, Longman Cheshire.

- Howe, B. (1986), *Speech to Income Support Seminar*, Melbourne.
- Heclo, H. (1978), 'Issue networks and the executive establishment' in A. King (ed), *The New American Political System*, Washington DC, American Enterprise Institute.
- Hindess, B. (1989), *Political Choice and Social Structure*, London, Edward Elgar.
- Hogwood, B. W. and B. G. Peters (1983), *Policy Dynamics*, Sussex, Wheatsheaf.
- Hogwood, B. W. and L. A. Gunn (1984), *Policy Analysis for the Real World*, Oxford, Oxford University Press.
- Holtz, H. (1989), *Choosing and Using a Consultant: A Manager's Guide to Consulting Services*, New York, Wiley.
- Hood, C. (1989), 'Public Administration and Public Policy: Intellectual Challenges for the 1990s', in *Australian Journal of Public Administration*, Vol. 48 No. 4, December, pp. 346 - 358.
- Horne, D. (1991), *The Lucky Country Revisited*, St Leonards, Allen and Unwin.
- Howard, M. (1990) 'The Use of Consultants by the Public Sector in Australia: Recent Evidence and Issues' a paper presented to the CAPSM National Conference on Improving Public Sector Management held at Griffith University 5-7 July, 1990.

Howe, B. (1986), Speech to Income Support Seminar, Melbourne.

Howe, B. (1989), *Reforming Income Support for the Unemployed: Report on Public Submissions (and Government Policy Initiatives)*, Canberra, Department of Social Security.

Hugo, G. (1986), *Australia's Changing Population: Trends and Implications*, Melbourne, Oxford University Press.

Huysmans, J. H. B. M. (1970), 'The effectiveness of the cognitive-style constraint in implementing operations research proposals' in *Management Science*, Vol 17, pp. 92 - 104.

Hyman, P. (1990), 'The Royal Commission on Social Policy (New Zealand) and the Social Security Review (Australia) - A Comparison of Their Reports and Recommendations, Particularly in Terms of Their Implications for Women', in R. Ross, *Social Policy in Australia: What Future for the Welfare State?*, Kensington, Social Policy Research Centre, University of New South Wales.

Institute of Management Consultants of Australia, *Financial Review*, 28 January, 1988.

Jennett, C. (1990), 'Aboriginal Affairs Policy' in Jennett, C. and R. G. Stewart eds, *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Jennett, C. and R. G. Stewart eds (1990), *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Johnson, C. (1990), 'Labor Governments Then and Now', *Current Affairs Bulletin*, Vol. 67, No. 5, pp. 4 - 13.

JCPA (1989) Parliament of the Commonwealth of Australia Joint Committee of Public Accounts report on 'The Engagement of External Consultants by Commonwealth Departments,' Canberra, AGPS.

JCPA (1992) Parliament of the Commonwealth of Australia Joint Committee of Public Accounts report on 'Management in the Australian Public Service: Dilemmas of Devolution and Diversity,' Canberra, AGPS.

Jones, M. A. (1980), *The Australian Welfare State*, Sydney, George Allen & Unwin.

Jones, M. A. (1983), *The Australian Welfare State*, (second edition) Sydney, George Allen & Unwin.

Jones, M. A. (1990), *The Australian Welfare State*, (third edition) Sydney, George Allen & Unwin.

Jordan, A. G. (1981), 'Iron Triangles, Woolly Corporatism and Elastic Nets: Images of the Policy Process' in *Journal of Public Policy*, Vol 1, No. 1, pp 95 - 123.

Journal of Social Issues (1959), Vol XV, No 2, dedicated to 'Consulting with Groups and Organizations'.

Jupp, J. (1984), 'Power in Ethnic Australia' in J. Jupp (ed), *Ethnic Politics in Australia*, Sydney, Allen and Unwin.

Jupp, J (1988a), 'The Fitzgerald Report - Immigration: A Commitment to Australia' in *Canberra Survey*, Vol 41, No. 12.

Jupp, J (1988b), *Australians 1988*, Canberra, Centre for Multicultural Studies, Australian National University.

Keating, M. 1989, 'Purpose rather than process now the bureaucratic creed', *Canberra Times*, 2 May.

Kellow, A (1992), 'Changing Conceptions of Responsibility in Government' in J. Power (ed), *Public Administration in Australia: A Watershed*, Sydney, Hale and Iremonger.

Kelly, P. (1992), *The End of Certainty: The Story of the 1980s*, St Leonards, Allen and Unwin.

Kelman, H.C. (1958), 'Compliance, identification and internalisation: Three processes of attitude change', in *Journal of Conflict Resolution*, Vol 2, pp. 51-60.

Kendig, H. and C. T. Paris (1987), *Towards Fair Shares in Australian Housing; Report for the National Committee of Non-government Organisations, International Year of Shelter for the Homeless*, Canberra AGPS.

Kirp, D. L. and R. Bayer (eds) (1992), *AIDS in the Industrialised Democracies: Passions, Politics, and Policies*, New Brunswick, Rutgers University Press.

Lasswell, H. D. (1971), *A Pre-View of Policy Sciences*, New York, American Elsevier.

Leighton, P. E. and M. Syrett (1989), *New Work Patterns: Putting Policy into Practice*, London, Pitman.

Lehmbruch, G. (1979), 'Consociational Democracy, Class Conflict, and the New Corporatism' in P. C. Schmitter and G. Lehmbruch, eds, *Trends Towards Corporatist Intermediation*, Beverley Hills, Sage.

Lehmbruch, G. and P. C. Schmitter eds (1982), *Patterns of Corporatist Policy-Making*, London, Sage Modern Politics Series, Vol 7.

Lerner, D. and H. D. Lasswell joint editors (1951), *The Policy Sciences: Recent Developments in Scope and Method*, Palo Alto, Stanford University Press.

Lewis, W. A. (1967), 'Planning Public Expenditures,' in M. F. Millikan, ed., *National Economic Planning*, New York, National Bureau of Economic Research.

Lindblom, C. (1959), 'The Science of 'Muddling Through'' in *Public Administration Review*, Vol 19, No. 2, pp. 79 - 88.

Lineberry, R. L. (1977), *American Public Policy: What Government Does and What Difference it Makes*, New York, Harper and Row.

Lippitt, R. and , G. Lippitt (1975), 'Consulting Process in Action: the client-consultant working relationship' in *Training and Development Journal*, May.

Lippitt, G. and R. Lippitt (1978), *The Consulting Process in Action*, La Jolla CA: University Associates.

Lippitt, R. (1959), 'Dimensions of the Consultant's Job', in *The Journal of Social Issues*, Vol. 15, No. 2, pp. 5-12.

McEachern, D. (1986), 'Corporatism and Business Responses to the Hawke Government', *Politics*, Vol 21, No. 1, pp. 19 - 27.

McGuinness, P. P. (1989), *Helping Australia's poorest families - public housing or rental assistance? REIA Professional Series No. 3*, Canberra, Real Estate Institute of Australia Ltd.

McKenney, J. L. & P. G. W. Green (1974), 'How managers' minds work', in *Harvard Business Review*, May-June, pp. 79-90.

McKinlay, B. J. (1981), *The ALP: A Short History of the Australian Labor Party*, Richmond, Heinemann.

Macquarie Bank Ltd (1989), *Opportunities for Initiatives to stimulate the Provision of Private Rental Accommodation, National Housing Policy Review, Background Paper No. 3*, Canberra, Department of Community Services and Health.

Macrae, D. and J. A. Wilde (1979), *Policy Analysis for Public Decisions*, Belmont, Duxbury Press.

Maddox, G. (1989), *The Hawke Government and Labor Tradition*, Ringwood, Penguin Books.

Majone, M. (1989), *Evidence, argument, and persuasion in the policy process*, New Haven, Yale University Press.

Markus, M. L. and N. Bjørn-Andersen (1987), 'Power Over Uses: Its Exercise by System Professionals' in *Communications of the ACM*, Vol 30, No. 6, pp. 498 - 504.

Marmor, T. R. (1986), 'Policy Entrepreneurship in Government: An American Study' *Journal of Public Policy*, Vol 6, No. 3, pp 225 - 253.

Marsh, I (editor, special edition) (1991), 'Internationalising Australia's Economy: Public Policy Forum on the Garnaut and A.M.C. Reports, 20-21 July, *Australian Journal of Management*, Sydney, Australian Graduate School of Management.

Martin, J. (1990), review of 'Engagement of External Consultants by Commonwealth Departments: Report 302' in *Australian Journal of Public Administration*, Vol. 49, No. 1, pp. 93 - 94.

Mathews, T. and J. Ravenhill (1990), 'Unilateralism not the answer', *Financial Review*, June 25, p. 12.

Meade, C. J., M. K. Hamilton & R. Ka-Wai Yuen (1982), 'Consultation Research: The Time Has Come, The Walrus Said', in *The Counselling Psychologist*, Vol. 10, No. 4, pp. 39-51.

Meltsner, A. J. (1976), *Policy Analysts in the Bureaucracy*, Berkeley, University of California Press.

Meltsner, A. J. (1990), *Rules for Rulers: The Politics of Advice*, Philadelphia, Temple University Press.

Merton, R. (1936), 'The unanticipated consequences of purposive social action' in *American Sociological Review*, Vol 1, pp. 894 - 904.

Metzger, R. O. (1989), *Profitable Consulting: Guiding America's Managers into the Next Century*, Reading Mass., Addison-Wesley

Milligan, V. and D. Persson (1989), 'Outcomes of the National Housing Policy Review', in *Urban Policy and Research*, Vol 7, No. 4, pp. 183 - 186.

Mills, S. (1986), *The New Machine Men*, Ringwood, Penguin.

Mintzberg, H. and J. A. Waters (1985), 'Of Strategies, Deliberate and Emergent' in *Strategic Management Journal*, Vol 6, pp 257 - 272.

Mintzberg, H. (1994), *The Rise and Fall of Strategic Planning*, Herfordshire, Prentice Hall.

Mitchell, D. (1993), 'Sole Parents Work and Welfare: Evidence form the Luxembourg Income Study' in *Comparative Perspectives on Sole Parents*

Policy: Work and Welfare, SPRC Reports and Proceedings No. 106, Canberra, Australian National University, pp 53 - 89.

Murdoch, L. (1992), 'The AIDS time bomb', in *The Age*, 1 February, pp 3 and 5.

Naisbitt, J. (1994), *Global Paradox: The Bigger the World Economy, the More Powerful Its Smallest Players*, St Leonards, Allen and Unwin.

National Housing Strategy (1991), *Framework for Reform: NHS Issues Paper no. 1*, Canberra, Commonwealth Department of Health, Housing and Community Services.

Nelkin, D. D. P. Willis and S. V. Parris (eds) (1991), *A Disease of Society: Cultural and Institutional Responses to AIDS*, Cambridge, University of Cambridge.

Nigro, L. G. ed (1984), *Decision Making in the Public Sector*, New York, Marcel Dekker.

OECD (1981), *The Welfare State in Crisis*, Paris, OECD.

OECD (1983), *Industry in Transition*, Paris, OECD.

OECD (1994), *New Orientations for Social Policy*, Paris, OECD.

Ohmae, K. (1990), *The Borderless World*, London, Collins.

Orchard, L. and R. Dare eds (1989), *Markets, Morals and Public Policy*, Sydney, Federation Press.

Osborne, D. and T. Gaebler (1992), *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. Reading, Addison-Wesley.

Panitch, L. (1977), 'The Development of Corporatism in Liberal Democracies' in *Comparative Political Studies*, Vol 10, No. 1, pp. 61 - 90.

Paris, C. T. (1990), 'Housing Policy' in Jennett, C. and R. G. Stewart (eds), *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Parkin, A. and L. Hardcastle (1990), 'Immigration Policy' in Jennett, C. and R. G. Stewart (eds), *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Pemberton, J. and G. Davis (1986), 'The Rhetoric of Consensus', *Politics*, Vol 21, No. 1 pp. 55 - 62.

Peters, B. G. (1986), *American Public Policy: Promise and Performance second edition*, London, Macmillan.

Pollitt, C., J. Negro and J. Patten eds (1979), *Public Policy in Theory and Practice*, Kent, Hodder and Stoughton.

Polsby, N. W. (1984), *Political Innovation in America: The Politics of Policy Initiation*, New Haven, Yale University Press.

Porter, M. E. (1990), *The Competitive Advantage of Nations*, London, Macmillan.

Porter, R. (1989), 'Housing Prospects in the Light of the Review' in *Shelter - National Housing Action*, Vol 6, No. 1.

Prasser, S. (1988), 'Public Inquiries Under the Second Hawke Government' R. Wettenhall and J. Nethercote (eds), *Hawke's Second Government: Australian Commonwealth Administration 1984-1987*, Belconnen, CCAE and Royal Australian Institute of Public Administration.

Pross, A. P. (1986), *Group Politics and Public Policy*, Toronto, Oxford University Press.

Prosser, G. et al (1990), *Wast-Watch Committee Newsletter*, Parliament House Canberra, Liberal Party of Australia.

Pusey, M. (1991), *Economic Rationalism in Canberra,: A Nation Building State Changes its Mind*, Cambridge, Cambridge University Press.

Quade, E.S. (1975), *Analysis for Public Decisions*, New York, Elsevier.

Quinn, J. B. (1980) *Strategies for Change: Logical Incrementalism*, Homewood, Ill., Richard D. Irwin.

Raymond, J (1987), *Bringing Up Children Alone: Social Security Review Issues Paper No. 3* Canberra, Australian Government Publishing Service.

Rehfuss, J. A. (1989), *Contracting out in Government*, San Francisco, Jossey-Bass.

Reich, R. B. (1991), *The Work of Nations: Preparing Ourselves for 21st-Century Capitalism*, London, Simon and Schuster.

Rein, M. and D. A. Schon (1977), 'Problem Setting in Policy Research' in C. H. Weiss (ed), *Using Social Research in Public Policy Making*, Lexington, Lexington Books.

Reserve Bank of Australia (1988), *Australian Economic Statistics: 1949-50 to 1986-87: Tables*, Sydney, Reserve Bank of Australia.

Rittel, H. W. J. and M. M. Webber (1973), 'Dilemmas in a General Theory of Planning' in *Policy Sciences*, Vol 4, pp. 155 - 169.

Robertson, D. (1990), 'Garnaut Report's opponents reflect a muddled policy' in *The Financial Review*, 10 July.

Robins-Carter, J. (1984), 'Library Consultants: Client Views', *Drexel Library*, Vol 20, pp 88-99.

Rogers, J. M. (1988), *The impact of policy analysis*, Pittsburgh, University of Pittsburgh Press.

Sabatier, P. A. (1986), 'Top-Down and Bottom-Up Approaches to Implementation Research: a Critical Analysis and Suggested Synthesis', *Journal of Public Policy*, Vol 6, No. 1, pp 21 - 48.

Saunders, P. and P. Whiteford (1991), 'Assessing Recent Australian Social Security Developments and Reform Proposals', Canberra, in Centre for Economic Policy Research Conference proceedings, July, 1991.

Schmitter, P. C. (1985), 'Neo-corporatism and the State' in W. Grant ed, *The Political Economy of Corporatism*, London, Macmillan.

Scutt, J. A. (1987), *Different Lives: Reflections on the Women's Movement and Visions of its Future*, Ringwood, Penguin.

Shenson, H. L. (1990), *How to select and manage consultants*, San Diego, University Associates.

Simon, H. A. (1957), *Administrative Behaviour: a study of decision-making processes in administrative organisation*, second edition, New York, MacMillan.

Singleton, G. (1984), 'The National Economic Summit and the Economic Planning Advisory Committee' Political Science Honours Thesis, Canberra, Australian National University.

Singleton, G. (1990a), *The Accord and the Australian Labour Movement*, Melbourne, Melbourne University Press.

Singleton, G. (1990b), 'Corporatism or Labourism?: The Australian Labour Movement in Accord', in *The Journal of Commonwealth and Comparative Politics*, Vol. 28, No. 2, pp. 162 - 182.

Smith, P. (1989), *Management in Agricultural and Rural Development*, London, Elsevier.

Staples, P. (1989), 'An interview with Mr Peter Staples, Minister for Housing and Aged Care' in *Shelter - National Housing Action*, Vol. 6, No. 1, pp. 27 - 33.

Stewart, R. and J. Ballard (1983), 'The Summit as Simulated Politics: Staging Corporatist Legitimation in Australia' paper delivered at the Australasian Political Science Association Annual Conference, 20 August - 1 September, Kuring-gai College of Advanced Education.

Stilwell, F. (1991), 'Wages Policy and the Accord' in *Journal of Australian Political Economy*, Vol 28, pp. 27 - 53.

Stoecker, R. (1991), 'Evaluating and rethinking the case study' in *The Sociological Review*, Vol 39, No. 1, pp 88 - 112.

Stone, J. (1992), 'Book a highly distorted view' in *The Canberra Times*, Monday 20 July, p. 11.

Stutchbury, M. (1990), 'Macroeconomic Policy' in C. Jennett and R. G. Stewart eds, *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Szanton, P. (1981), *Not Well Advised*, New York, Russell Sage Foundation.

Wanna, J., C. O'Faircheallaigh and P. Weller (1992), *Public Sector Management in Australia*, Melbourne, Macmillan.

Thompson, J. D. and A. Tuden (1959), 'Strategy, Structure and Processes of Organisational Design' in J. D. Thompson et al (eds) *Comparative Studies in Administration*, Pittsburgh, University of Pittsburgh Press.

Thompson, P. (1989), *The Nature of Work: An Introduction to debates on the labour process*, second edition, London, Macmillan.

Tichy, N. M. (1975), 'How Different Types of Change Agents Diagnose Organisations' in *Human Relations*, Vol 28, No. 9, pp 771 - 799.

Turnbull, G. (1987), 'Consultants manage to do well, whoever rules', *Times on Sunday*, June 28, p. 5.

Uhr, J. (1988), 'Managerialism and Public Policy: The Australian Debate', monograph, Canberra, Department of Political Science, Research School of Social Sciences, Australian National University.

U.S. General Accounting Office (1980), *Controls Over Consulting Service Contracts at Federal Agencies Need Tightening*, Washington D.C., Government Printing Office, PSAD-80-35.

Vickers, G. (1968), *Value Systems and Social Processes*, Harmondsworth, Penguin.

Vickers, G. (1983), *The Art of Judgment: A Study of Policy Making*, London, Harper and Row.

Wanna, J., C. O'Faircheallaigh and P. Weller (1992), *Public Sector Management in Australia*, Melbourne, Macmillan.

Watts, R. (1989), "Reviewing the Review": The Social Security Review and Social Policy in Fin De Siecle Australia' in A. Jamrozik (ed) *Social Policy in Australia: What Future for the Welfare State?*, Kensington, Social Policy Research Centre University of New South Wales.

Weimer, D. L. and A. R. Vining (1989), *Policy Analysis: Concepts and Practice*, Englewood Cliffs New Jersey, Prentice-Hall.

Weisbord, M. (1987), 'Toward Third-Wave Managing Consulting', *Organizational Dynamics*, Vol. 15, No. 3, pp. 5 - 24.

Weiss, C. H. (ed) (1977), *Using Social Research in Public Policy Making*, Lexington, Lexington Books.

Wildavsky, A. (1987), *Speaking Truth to Power: The Art and Craft of Policy Analysis*, Second edition, New Brunswick, Transaction Books.

Williamson, P. J. (1989), *Corporatism in Perspective: An Introductory Guide to Corporatist Theory*, London, Sage.

Wiltshire, K. (1990), 'The Bureaucracy' in Jennett, C. and R. G. Stewart (eds), *Hawke and Australian Public Policy: Consensus and Restructuring*, Melbourne, Macmillan.

Wodak, A. (1991), 'Australia: Preventing HIV spread among injecting drug users', *Lancet*, Vol 337, 23 February.

Wolff, K. H. ed (1950), *The Sociology of Georg Simmel*, New York, Free Press.

Yeatman, A. (1987), 'The Concept of Public Management and the Australian State in the 1980s', *Australian Journal of Public Administration*, Vol. XLVI, No. 4, December, pp. 339 - 353.

Yin, R. K. (1988), *Case Study Research: Design and Methods (revised edition)*, Newbury Park, Sage.

Appendix A: Persons Interviewed and Opening Questions

This appendix first discusses the approach taken to interviewing key people associated with each case study before outlining the opening questions asked of consultants, bureaucrats and other interested informants.

Interviewees

Interviews were sought from people who worked relatively closely with the consultant and who were thus able to report on the way in which each consultancy worked. This was the primary rationale behind the research.

Consultants

In all cases each consultant agreed to be interviewed. These interviews were carried out in a range of venues. Cass and Garnaut agreed to meet as a result of the initial telephone contact and were interviewed in their respective universities. After correspondence with Persson he agreed to a meeting and I travelled to Brisbane to interview him in his office. After corresponding with Reid, who was resident in New York, an interview was arranged in January, 1992, to be held at her home on the NSW south coast. In agreeing to an interview Reid expressly stated she did not wish to come to Canberra during her home leave from the United Nations. She apparently had strong concerns about the actions of the Labor Government at that time and wished to keep well away. Fitzgerald, resident in Sydney at the time, was initially not available for interview. After several telephone discussions with his office staff he did agree to be interviewed one afternoon in the lounge of a Canberra hotel after a morning meeting in Canberra. Prior to the meeting he expressed concern at his limited time. Nevertheless it was to run for more than one hour, well beyond the fifteen minutes he had initially envisaged. In fact once the interviews had got under way all five

consultants expressed an interest in the nature of the research. While they had been given a brief explanation of the research over the telephone and in correspondence their initial perception was that the interview would be preoccupied with the outcomes of their work. While the outcomes were important and were discussed in some depth, the interview was focussed on their selection, the nature of relationships with politicians, bureaucrats and key stakeholders, their *modus operandi*,

Bureaucrats

Bureaucrats associated with each consultancy within respective departments all agreed to be interviewed. Several asked that a record of interview be made and that the interview be recorded. The researcher was not provided with a copy of these interviews.

Others

Each of the five consultancies covered in this thesis had their own 'policy community'. As such these communities were characterised by a range of individuals and institutions who had a stake in the outcomes of each review. These communities can be described as being either broad or narrow. For example, the Social Security Review, the North East Asian Ascendancy and the Immigration Review were to have the broadest impact on the Australian community. Conversely the National Housing Policy Review and the HIV/AIDS reviews can be seen to have a focus on a more specific community.

The National Housing Policy Review was fundamentally about the provision of public housing for low income groups. While the HIV/AIDS issue received considerable publicity, in reality the groups largely affected are male homosexuals and IDUs.

Where the views of individuals and institutions representing key groups were well known, primarily through a variety of published reports, interviews were not sought with them.

An interview was sought with Brian Howe. As a Minister in several portfolios during the life of this research Howe was instrumental in initiating a number of consultancies. For example, the National Health Strategy run by Allison McClelland and the National Housing Strategy run by Meredith Edwards. His ministerial staff responded to these requests showing caution about the nature of the research. After several telephone discussions with staff I was led to believe that I would have an interview with Howe, this, however, was not to eventuate. His published views on the use of consultants to review areas of public policy were the main sources of information.

Social Security Review

Associate Professor Bettina Cass

Meredith Edwards FAS Social Policy Division

Owen Donald Assistant Secretary in DSS

Steve Spooner Assistant Secretary Labour Market Policy and Research
Branch DSS

Jane Virgo Social Policy Division DSS

Geoff Leeper Social Policy Division DSS

Alan Jordan DSS (Melbourne)

Julian Disney ACOSS

Dr John Tomlinson ACOSS (ACT)

Veronica Sheen Brotherhood of St Laurence

Professor Frank Castles Public Policy Program ANU

Professor Pat Troy Urban Research Program ANU

Immigration Review

Dr Stephen Fitzgerald

Mark Lynch FAS DILGEA

Ms Pat McCahey FAS DILGEA

Tom Havas Member of Secretariat of CAAIP

Dr Jim Jupp CIMS ANU

Alan Matheson Ethnic Liaison Officer ACTU

National Housing Policy Review

Dick Persson

Pat Troy Urban Research Program ANU

Dr Chris Paris University of Canberra

Vivienne Milligan Consultant to the Review

Robert Egan FAS Housing Division

Bill Donnelly Econsult Consultants to the Review

Edward Wensing Member of Departmental Staff Assisting the Review

Martin Attridge National Shelter

Cathy Binns National Shelter

Paul Edwards SA Housing Trust

HIV/AIDS Policy

Elizabeth Reid

Barry Telford Member of Departmental Staff Assisting the Review

Dr John Ballard Political Science ANU

The Northeast Asian Ascendancy

Ross Garnaut

Andrew Elek Member of Departmental Staff Assisting the Review

Professor Frank Castles Public Policy Program ANU

Ian Marsh Australian Graduate School of Management University of
NSW

Interview Questions

The research methods used involved extensive interviews with key players in each policy field. As already noted in Chapter One the approach adopted allowed for respondents to be interviewed more than once should this be necessary so that a more complete picture of each case was obtained. Repeat interviews only happened with bureaucrats, primarily as they were the best source of information on the actual events surrounding each consultancy. This approach also ensured adequate information with which to compare the approach of different consultants to their task. In most cases open questions were asked so as to give direction to the interview without constraining the response from interviewees.

General Questions Relating to Each Consultancy

At the beginning of the research, in order to ensure a comparison of similar cases, the following questions were applied to a number of case studies before the final five were selected:

1. What were the defining characteristics of the public policy program and what was the rationale for its existence?
2. What were the critical issues facing the policy field in which the consultant was engaged?

2. Why were you asked/did you apply to be the consultant?
3. What tender process was used to engage the consultant?
4. What was the consultant asked to do?
5. How did the consultant go about the task?
6. What were the consultant's findings/recommendations?
7. What action did the Government/department implement as a result of the consultant's report and why?
8. What were the responses of interested/affected parties to the recommendations from each consultancy?

Once selected global questions were asked of each consultancy, including:

1. How were consultants used to change Australian government policy over the period 1983 to 1990?
2. Why were consultants used instead of the existing structures of public administration?
3. What impact did their use have on the nature of the changes subsequently made to public policy in the particular field?

Questions Asked of Consultants

1. What was the political/bureaucratic context for the Review

2. Why were you asked/did you apply to do the consultancy?
3. What was the process to engage (phone call, meeting, letter, tender)?
4. What was the nature of working arrangements with the minister and bureaucrats?
5. How did these working arrangements develop over the period of the Review?
6. What have been the major outcomes?

Questions Asked of Bureaucrats

1. What was your role in relation to the consultant and the consultancy?
2. How did the consultant undertake their work, in particular relating to the Minister, bureaucrats and interested publics?
3. What was the outcome of the review, both in substantive terms and in terms of how the bureaucracy implemented recommendations from the review?

Questions Asked of Others

1. What was your organisation's reaction to the consultancy undertaken by (specific consultant)?
2. How did the consultant relate to your organisation?