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**AN
INTRODUCTION
TO
AUSTRALIAN
PUBLIC
POLICY**

Theory and Practice

Sarah Maddison | Richard Denniss

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AN INTRODUCTION TO AUSTRALIAN PUBLIC POLICY

THEORY AND PRACTICE

Sarah Maddison and Richard Denniss

An Introduction to Australian Public Policy: Theory and Practice is the first book to comprehensively address both the **theoretical** and the **practical** aspects of policy making in Australia.

Written in an accessible style, this text is designed to introduce students to the real world challenges and skills involved in working in a range of policy roles. Drawing on their own experiences, the authors ground public policy theory in a number of key controversies to illustrate the contestable nature of the policy process. Key economic concepts are explained in detail using plain language, paving the way for discussion about the main roles and responsibilities of policy making.

Each chapter features case studies that outline contemporary policy issues, such as the deregulation of the financial system, 'Knowledge Nation', paid maternity leave, and the Northern Territory intervention. Including practical exercises on how to write policy briefs and media releases, this book is essential reading for anyone who needs to know how public policy is developed in Australia.

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CAMBRIDGE
UNIVERSITY PRESS

CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore,
São Paulo, Delhi, Dubai, Tokyo

Cambridge University Press
The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org

Information on this title: www.cambridge.org/9780521705714

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First published in print format 2009

ISBN-13 978-0-511-65069-7 eBook (NetLibrary)

ISBN-13 978-0-521-70571-4 Paperback

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FOREWORD

The development of public policy has always been a combination of art and science. There is no doubt that medical researchers, sociologists and climate scientists have played an important role in highlighting the existence of policy problems and that economists, lawyers and political scientists have played an important role in developing solutions. But there is also no doubt that well organised lobby groups, well written press releases and well researched campaign slogans have had a similarly powerful effect.

The policy process in Australia, as in all developed countries, is full of grand visions, grand theories and grand gestures. It is also replete with contradictions, inherent tensions and wicked problems. It has ever been thus.

While the grand vision and the day-to-day politics may attract the most attention, the hard work of identifying emerging problems, developing innovative solutions and building support for change carries on relentlessly. Tens of thousands of public servants, academics, community groups, industry bodies and lobbyists work full time on aspects of the policy process as diverse as collecting field data to drafting new pieces of legislation. This book is aimed at those who seek a deeper understanding of the theory of policy, the practice of policy and, most importantly, the links between the two.

Like scientific knowledge, policy capacity is a scarce and valuable commodity. If Australia is to tackle the problems of the 21st century it will need to develop its policy capacity, both through increasing the number of people involved and deepening the understanding of those already there. This book should help achieve both of those goals.

Professor Allan Fels, AO

Dean

The Australia and New Zealand School of Government (ANZSOG)

PART

1

POLICY AND
THEORY



INTRODUCTION

Why study policy?

Anyone interested in politics needs to understand how political decisions are made. Behind what we hear described as ‘policy’ on the nightly news and what we read about in the newspaper is a complex process involving a range of players with competing interests, facing an array of pressures. These players may be inside or outside of government, and inside or outside of the bureaucracy. They may come from industry, the not for profit non-government sector, unions, professional bodies or from academia. Understanding the way these players interact, what drives and informs them, how they think, and what they do, helps us all to understand and interpret the policies that these complex relationships eventually produce: policies that have implications for each of us in our daily lives. Policy determines where roads are built, how many nurses work in a hospital, what fees you pay at university, how much tax we pay, the price of child care and so on and so on. Policy goes beyond measures of efficiency, effectiveness and political feasibility, with demonstrable effects on citizenship, justice, discourse and democracy (Ingram & Schneider 2006: 169). Almost every aspect of our lives is touched by policy. If we understand how policy is made we have greater capacity to participate in that process, to have our voices heard and to influence decisions. This book will provide students of policy with both a theoretical understanding of public policy and an introduction to some of the real world challenges and skills involved in working in a range of policy roles.

What is policy?

All policy, and public policy in particular, is inherently and unavoidably political. It involves political decisions made, not just by politicians, but by a range of ‘policy makers’ who we will discuss further in Chapter 7. These decisions are complex: they necessitate the weighing of competing interests and values within the constraints produced by an institutional framework. Policy decisions necessitate – in varying combinations – degrees of cooperation, competition and conflict. The outcomes of policy decisions have real effects on people’s lives.

What do we mean by political?

When we use the terms ‘politics’ or ‘political’ in this book we are referring to more than just the business or activities of governments. Politics is an aspect of all social relations and is a central part of any situation where groups of people make decisions. Policy making is political in nature because the distribution of power among and between the groups and individuals involved will inevitably be unequal. Therefore when we talk about policy making as a political process we are highlighting the fact that making policy involves conflict and cooperation; struggles for power, influence and authority; and includes groups and individuals both inside and outside government.

In the field of policy studies there are myriad definitions of the term ‘public policy’. You will find a selection of these definitions in the box below.

Definitions of public policy

Policy is:

‘what governments do, why they do it, and what difference it makes’ (Dye 1972: 2).

‘a purposive course of action followed by an actor or a set of actors in dealing with a problem or matter of concern’ (Anderson 1984: 3).

‘a series of patterns of related decision to which many circumstances and personal, group, and organizational influences have contributed’ (Hogwood & Gunn 1984: 23–4).

‘a political agreement on a course of action (or inaction) designed to resolve or mitigate problems on the political agenda’ (Fischer 1995: 2).

‘an authoritative statement by a government about its intentions . . . relying on hypotheses about cause and effect, and . . . structured around objectives’ (Althaus, Bridgman and Davis 2007:5).

‘an action which employs governmental authority to commit resources in support of a preferred value’ (Considine 1994: 3; he describes this as the ‘standard view’).

‘the continuing work done by groups of policy actors who use available public institutions to articulate and express the things they value’ (Considine 1994:4; he describes this as ‘an alternate definition’).

‘the disposition and deliberate action of government on any and every matter over which it exercises authority. This includes the stated and the unstated; action and inaction, the choice of ends and the choice of means. Policies are often implemented by means of specific programs – formal arrangements for the delivery of government services’ (Fenna 2004:5).

‘a set of interrelated decisions taken by a political actor or groups of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should, in principle, be within the power of those actors to achieve’ (Jenkins 1978: 15).

‘part of the framework of ideas through which we make sense of the way in which, in different dimensions of our lives, we are governed’ (Colebatch 2002: 8).

This array of definitions can be classified into two general understandings of what policy is. Both relate the definition of what policy *is* to a view of how policy is *made*.

The first view is that policy is the result of **authoritative choice**, whereby governments make policy through a vertical, hierarchical process in which a government minister determines the eventual outcome. This is the classical view of public policy that dominates the field of policy studies.

The second view is that policy is the result of **structured interaction**, produced through complex horizontal relationships in which the end result is the product of compromise and the accommodation of competing interests.

Policy as authoritative choice

The classical view of policy implies that there is a rational process underlying most policy making. Policy, from this perspective, is seen

as ‘governments making decisions’. Ministers are presented with a problem, then enjoy a choice of actions and inaction as they make political decisions that can then be evaluated in order to assess whether the chosen policy achieved its aim and solved the given problem (Colebatch 1998: 102).

In the classical view, policy is seen as having certain incontrovertible characteristics:

- Policy is purposive: it is a decision to pursue a particular course of action to achieve a specified goal. It is outcome focused.
- Policy decisions consider both ends and means.
- Policy may involve action or inaction, but in either case the important point in considering the outcome to be a policy is the fact that this course was a conscious decision and one that has been applied with some degree of consistency to a situation.
- Policy must be more than mere political rhetoric. To be considered policy some attempt at implementation must have occurred even if such attempts have failed.

This classical view relies on an assumption that policy is made by rational choices exercised by a singular, unified political actor. It calls on the notion of a ‘policy process’ through which to explain the steps by which policy is made. We will consider this idea of a ‘policy process’ further in Chapter 4.

As an exercise in authoritative choice, policy is seen as the result of pursuing governmental goals, making decisions and testing their consequences, in a structured process involving identifiable players and a recognisable sequence of steps. Policy in this view is political in the sense that it is an expression of the electoral and program priorities of the executive. In this view of what constitutes policy and how it is made, policies represent ‘an authoritative framework of the government’s beliefs and intentions in the policy area’ (Althaus, Bridgman & Davis 2007: 7). Policy practice is therefore directed primarily towards supporting and advising the authorised leaders in making their decisions (Colebatch 2006: 7).

Policy as structured interaction

Those who argue that policy is arrived at through a process of structured interaction suggest an alternative view. According to one of the main proponents of the structured interaction perspective, Hal Colebatch, this view:

... does not assume a single decision-maker, addressing a clear policy problem: it focuses on the range of participants in the game, the diversity of their understandings of the situation and the problem, the ways in which they interact with one another, and the outcomes of this interaction. It does not assume that this pattern of activity is a collective effort to achieve known and shared goals (1998: 102).

The role of government in policy making is considered quite differently in this view. Here government is not seen as a unified and decisive actor pursuing an agenda of its own choosing. Rather, government is seen as an 'arena', or a space, in which a range of political actors, all recognised as having a legitimate place at the policy table (stakeholders), interact to produce policy. Government is seen as responding to the actions of other participants in order to determine what issues or problems will be considered and what actions will be taken in response (Colebatch 2006: 7–8).

Power in the policy process

If policy making is understood as inherently political then it follows that policy making is imbued with power relations and power struggles. But what do we mean by 'power'? Essentially, power concerns the ability of individuals and groups to further their own interests via their capacity to exert control and influence. In his seminal work *Power: A radical view* (1974) the political theorist Steven Lukes outlined a three-dimensional schema intended to capture differing understandings of power. According to Lukes, in a one-dimensional view it is only possible to identify who has power in cases where there is evidence that a person or group can impose their wishes on others through decision making in formal institutions such as governments. A two-dimensional view adds to this public face the private side of power, noting the power involved in agenda setting as well as decision making, and that it may be exercised informally, as well as formally, and through the covert exclusion of individuals or groups from the sphere of political conflict. Lukes' own 'radical', or three-dimensional, view of power is far less measurable than the other dimensions as it is expressed through values and ideologies that are influential in shaping people's thoughts, desires and preferences such that they may be unaware that their interests are at risk. As will be clear throughout this book, a multi-dimensional understanding of power is essential to understanding the policy process as it will assist in your understanding of how issues have been defined and by

whom, which groups, individuals and interests have been included or excluded from the policy process and by whom, and will lead you to think about both the overt and covert exercise of power so that you will no longer take at face value the reporting of political decisions that you might read on the front page of the newspaper.

What public?

Wayne Parsons (1995) has considered the changing use of the term ‘public’, and suggests a range of terms in common use, including:

- public interest
- public opinion
- public goods
- public law
- public sector
- public health
- public transport
- public education
- public service broadcasting
- public accountability
- public toilets
- public order
- public debt (1995: 2–3).

All of these terms – even public toilets! – are relevant to the discussion of public policy in that they describe either an aspect of the policy process, a policy institution or a specific area of public policy. The notion of ‘the public’ in the term ‘public policy’ itself, however, derives from the fact that policy decisions are made by a public body, namely by governments and the many constitutive institutions that we know as the state, whose actions have the force of law. The institutions of the state include parliaments, government departments and agencies, and courts of law that enforce, interpret and develop the law. Public policy is thus an exercise of sovereign, governmental power, which can call on public resources and legal coercion in ways that private corporations cannot. In other words, public policy is concerned with the power of the state and the exercise of that power in people’s lives. This proposition gives rise to one of the central concerns of this book, the question: **What is the role of the state in people’s lives?**

The agency–structure debate

In thinking about the role of the state in people's lives policy workers should be alert to debates about the relative influence of agency (individual autonomy and the capacity to act independently) and structure (social norms, institutions and distinctions such as those based on age, sex, ethnicity or sexuality) in determining human behaviour. In the context of learning about the policy process these debates are central to our understanding of **causality**; that is whether policy decisions are the result of the unconstrained exercise of individual or collective agency by political actors, or whether such decisions are the product of a structure or set of structures over which agents have little control (see Hay 1995 for more).

The distinction or division between the public and the private is not impermeable and is far from fixed. Indeed, as Mark Considine has noted, the public and private spheres are 'entwined at every level', a situation that is 'always and everywhere the case' (1994: 4). Recent years have seen a preoccupation with the efficiency of the market that has led to previous areas of government activity being shifted to the private sector through privatisation and contracting out regimes, leading to the 'hollowing out of the state' thesis, discussed further in Chapter 2. Conversely, other issues – such as domestic violence and sexual assault, for example – have been dragged into the public realm by activists determined to end the view that such matters were private concerns. The role of the state, then, is not fixed or given, but is open to debate and challenge and is influenced by political ideology. It follows that what constitutes public policy is also in a constant state of flux and change, lending a dynamism to the field and an edge to the political contest that underpins or shadows policy making.

Types of public policy

The types of policy that are made in the public realm, and that therefore are the concern of this book, can be classified in several different ways.

First, public policy can be seen as either 'substantive' or 'procedural'. These terms are virtually self-explanatory. Substantive policies deal with substantive problems or issues such as decisions about infrastructure, the environment, defence, and social security. Procedural policies, by contrast, concern the process by which something is to be done or

who is going to take action, such as the rules that govern the way a government department can carry out its duties, the areas over which it has jurisdiction or authority and the processes or strategies it can use to carry out its work.

Drawing on Lowi (1964, 1972), policy can also be classified as ‘distributive’, ‘redistributive’ or ‘regulatory’. This method of classification considers the effect that policies have on society. Distributive policies concern the allocation of services or benefits to members of the community, either as individuals or groups, or to the whole of society, for example through the building of roads. Redistributive policies, such as the tax-transfer system, involve the deliberate reallocation of wealth from higher to lower income individuals (see Sefton 2006). Regulatory policies concern the regulation of individual or group behaviour, whether through rules concerning the ways that business is allowed to operate, or in areas such as environmental protection or criminal law. Policies can also be considered ‘self-regulatory’, in that they tend to be controlled by the regulated groups, such as professional codes of conduct for lawyers or doctors (Anderson 2003: 7–11).

A further typology sees policies classified as either ‘material’ or ‘symbolic’, depending on whether they allocate tangible, concrete resources and substantive power or appeal more to social values such as social justice or patriotism. Examples of the former might include the provision of public housing or drought relief for farmers. Examples of the latter might include the proclamation of public holidays such as Anzac Day. Ostensibly material policies may be rendered largely symbolic if they are implemented ineffectively or are not adequately resourced (Anderson 2003: 11–12; Edelman 1964).

The last system of classification that we will consider here is that developed by Fenna, who classifies public policy as concerning:

- **production issues**, focused around the creation of economic wealth and improvement in the standard of living through policies such as increasing a country’s gross domestic product (GDP), reducing unemployment, and controlling inflation. These policies place economic management at the centre of policy work. They are made more complex by the fact that, in a capitalist society (rather than a controlled economy), governments can only influence the economy through tax, spending and official interest rates, rather than exercise control over it. As we will discuss in Chapter 3, the capacity of governments to influence or manage the economy is a very imprecise science.

- **distribution issues**, focused on the sharing of wealth and opportunity among all sections of a society. These policies are a response to the fact that, by its very nature, capitalism produces inequalities. Governments are under constant pressure compensate for these inequalities. Redistributive measures such as welfare payments, subsidies or public housing, access to health care, public education and so on are all policies that constitute what is described as the welfare state. The so-called ‘crisis’ of the welfare state, along with the growing pressure on governments to reduce the amount they spend on redistributive measures, will be discussed further in Chapter 2.
- **consumption issues** in public policy are concerned with the consumption of goods and services as the result of the wealth we produce, and the subsequent impact of that consumption on the environment and on our general quality of life. The growing concern about climate change is creating new pressure for ecologically sustainable development, which in turn has created a requirement for governments to regulate such things as the consumption of natural resources.
- **identity issues** are concerned with how a population defines itself as a nation with a sense of common citizenship even among diverse groups. These issues can be some of the most pressing but potentially divisive concerns that policy makers have to contend with. Australia, with its unresolved and troubled history of race relations (for example the White Australia policy), faces considerable challenges in this area, challenges that politicians are often eager to exploit.
- **reflexive policies** are those concerned with the way in which policy itself is actually made, including issues such as media regulation and public consultation (Fenna 2004: 6–9).

How should we think about policy?

Policy studies and policy analysis are inherently interdisciplinary areas of scholarship and practice. To be an effective policy worker you will need sound knowledge of politics and political practice, social theory, and economics. You should have considered the role of extra-parliamentary bodies – that is non-government organisations, industry lobbies and the like – in the policy process. Depending on the particular role you are engaged in, some specialist knowledge of a

particular policy area will also be required. You should have thought long and hard about the key question posed above: What *is* the role of the state in people's lives? To be an effective policy worker you must also be across most aspects of current affairs in order to understand competing pressures and demands in the policy arena. This range of required knowledge, and the interdisciplinary nature of the field itself, make policy studies and policy work both especially challenging and especially interesting.

This book focuses on both the theory of public policy and the practical aspects of policy practice in Australia. To be an effective policy worker you need both theoretical and practical knowledge, along with recognition of the diversity of approaches to policy formulation and analysis required by different practitioners. A public sector policy worker will approach policy analysis quite differently from a researcher working for a community organisation or a staffer working for a politician. While the fundamentals of policy analysis do not differ between sectors it is important to be aware of the relative needs of a range of different policy roles.

Hal Colebatch (1998) has described the ways in which other writers have attempted to understand the divergence between the authorised choice view of policy and the structured interaction perspective, represented in Table 0.1.

TABLE 0.1: Understanding the divergence between authorised choice and structured interaction

The divergence creates a reform agenda.	It should be the goal of policy practitioners to reform their practice in order that it more closely resemble the 'ideal' of the authorised choice perspective.
The divergence is really the difference between theory and practice.	In an ideal world – that is, 'in theory' – policy would be made according to the authorised choice perspective. In practice, however, everyone recognises that policy making is more messy and uncertain.
The divergence is a useful analytic tool.	The divergence is not seen as a problem to be resolved but as an 'analytic construct' that can help illuminate the policy process even though the process does not really resemble the model.

Colebatch concludes, however, that it is most productive to think about policy as an organisational construct that has both a vertical (authorised choice) and a horizontal (structured interaction) dimension. The vertical dimension focuses attention on the authority of governments that ‘make policy’ in an autonomous, goal-oriented, purposive fashion that is aimed at ‘solving problems’. The horizontal dimension focuses attention on the pattern of interaction among a range of participants, with a range of understandings of ‘the problem’, and where the interaction involves overlap, conflict, negotiation and compromise rather than decision and order. Colebatch maintains that policy practitioners must understand both dimensions in order to fully grasp the way the more formal model of the policy process, which stresses the role of authorised choice, continues to influence policy practice. The symbolic importance of the formal model lies, in part, in its ability to generate legitimacy and acceptance of policy decisions. The vertical perspective, in which policy is presented in terms of the pursuit of authorised goals, becomes an essential part of its validity. As Colebatch explains:

This interplay of vertical and horizontal means that there is a certain amount of ambiguity about ‘policy-making’. Recognising the ‘horizontal’ claims of stakeholders qualifies the ‘vertical’ framing of policy as the decisions of authorised leaders, and in recognising the claims of stakeholders, policy practitioners are careful to do it in a way which leaves intact the concept of authoritative decision. Referring to the process as ‘advising’ or ‘consultation’ or a ‘public enquiry’ enables stakeholders to negotiate policy change in a way that can be presented as an authorized decision.

This, Colebatch argues, is an essential ‘policy myth’ (2002: 124–30).

A further way of thinking about policy is to consider the role that policy plays in constructing what we understand to be social ‘problems’. As can be seen from the definitions proffered earlier in this chapter, many consider that it is the problems faced by governments and societies that are thought to require a policy response and therefore make it onto what is often referred to as the policy ‘agenda’. Some seemingly intractable problems – such as persistent poverty despite an increase in average wealth – are described as ‘wicked problems’ and are understood to require managing rather than solving. In general, however, policies

are put forward as solutions to problems: a desalination plant to solve a water shortage, for example. But as in the example of the desalination plant, much rests with how the problem is defined or constructed. The problem with Sydney's water supply is not understood as being about inappropriate water consumption or inadequate retention facilities for storm water. The problem is constructed as one of supply and therefore the proposed policy solution is aimed at increasing the water supply. The fact that problems are shaped and constructed by governments in particular ways is one area of policy contestation and something to which a good policy worker should always be alert. We will examine this issue further in Chapter 6.

Policy can also be considered through a comparative perspective. It can often be helpful to understand the process and outcomes of public policies in one country in comparison with others. A comparative approach to the study of public policy sometimes takes a horizontal perspective in which policy is compared across different cases with comparable characteristics, such as other nations with a federal system of government, or other post-colonial nations, or between jurisdictions (national and sub-national, that is, states and territories). Comparative studies can also be longitudinal, in which case they would consider one policy area over time.

Remembering, however, that policy is inherently and unavoidably political in nature, it is important to emphasise that policy making and policy analysis cannot happen effectively without a deep understanding of the specific context in which policy is created. In Chapter 1 we will consider some important structures and institutions in the Australian policy context, but it is also interesting to consider the changing pressures on Australian public policy and policy workers in an era of 'globalisation'.

Australian public policy in a globalised world

Recent years have seen increasing attention paid to the issue of economic 'globalisation' and its impact on domestic policy concerns. Despite intense disagreements over its exact meaning, globalisation – at least in its economic sense – cannot be denied and should be understood as one of the key challenges in contemporary public

policy. That there are globalising economic forces that have been strengthened by a combination of technological change, neo-liberal economic ideology and the drive by transnational corporations for high profitability and greater economic power can be in little doubt. Economic integration across state boundaries brings with it a degree of social and cultural integration as well, although this has a variable effect in different locations. However, the extent to which globalisation can be understood to be reducing the role played by national governments in determining public policy is considerably more open to debate. There are some issues that are clearly global in nature, with the environmental policy challenges posed by climate change at the forefront of these. But just because a problem is global in scope does not necessarily mean that there will be an international or global response (Parsons 1995: 242).

Despite these ambiguities, Colin Hay suggests that there is almost no topic in contemporary public policy that is ‘more contested or more potentially consequential than the impact of globalisation’ (2006: 287). Certainly there are some areas of policy, such as deregulation, privatisation and the liberalisation of trade and capital movements, that are explicitly directed towards creating the optimal conditions for the global reinvigoration of free trade capitalism. The fears that surround this sort of globalisation have to do with ideas about the end of the nation state precipitated by a ‘race to the bottom’ as countries vie with each other to sacrifice social and environmental protections in order to bid for investment (Fenna 2004: 31). The concern is that without national boundaries to constrain it, capital itself will take on the status of a sovereign force, thereby reducing individual nations’ capacity to make rules, laws and policies about trade, industry, investment and working conditions.

In this sense, globalisation is often counterposed with public policy, in line with the view that in a global economy states must subordinate public policy considerations to economic concerns in order to compete for global market share. Hay also suggests four other mechanisms by which globalisation may be seen as being in tension with public policy:

1. Globalisation necessitates the ‘privatisation and technicisation’ of public policy, thereby sacrificing the ‘public’ nature of policy as it becomes less publicly accountable and therefore less democratic.

2. Globalisation necessitates state internalisation of the preferences of capital as, in order to retain high levels of investment, states must provide an environment that is conducive to profit maximisation with resultant 'downward pressures' on public policy.
3. Globalisation is thought to diminish the autonomy and policy-making capacity of nation states, which results in public functions being displaced into quasi-public bodies.
4. Globalisation is thought to be driving a process of convergence between states, diminishing variation in public policy between states, thereby circumscribing public policy makers' autonomy (Hay 2006: 588–91).

While Hay contends that these tensions are important, he also cautions that an overemphasis on the degree of autonomy of domestic policy makers in a globalised context may obscure our considerations of transnational public policy. The greatest challenge for public policy today is not, according to Hay, the domestic internalisation of international economic competition and its imperatives. The greatest challenge lies in developing adequate transnational policy-making capacities to face the environmental and other consequences of a globalised world (Hay 2006: 602). And as the case study below suggests, globalisation does not belong only to states and markets.

Case study: The Australian MAI campaign

The Multilateral Agreement on Investment (MAI) was quietly negotiated between Organisation for Economic Co-operation and Development (OECD) member states between 1995 and 1998. The purpose of the agreement was to develop multilateral rules to ensure that international investment was governed in a more systematic and uniform way between states. When the first draft was leaked to the public in 1997, it drew widespread criticism from international non-government organisations and developing countries. Of particular concern was the fact that the agreement was designed to make it difficult to regulate foreign investors. The agreement was described as being like a 'bill of rights for international giants' and like NAFTA (the North American Free Trade Agreement) 'on steroids' because of the protections it offered to multinationals at the expense of domestic sovereignty (ABC 1997).

In Australia there were particular concerns that our media ownership laws, industrial standards and some environmental protections would be threatened by an

agreement that placed the need for a level playing field for multinational corporations above all other concerns. A community campaign, led by the Stop MAI Coalition, was developed to raise public awareness about the risks posed by the MAI and to pressure Australian politicians not to participate in further negotiations. On 11 November 1998, the following advertisement appeared in *The Australian* newspaper:

MAI? Not now – not ever!

The Multilateral Agreement on Investment is a treaty which would give multinational corporations the standing previously only granted to nations, and a freer hand to challenge labour standards, environment protection, social justice and democratic control over all levels of government, worldwide. The MAI allows corporations to seek compensation for laws that reduce corporate profits. **Australia must withdraw NOW** and not resume the negotiations in any other forum.

Successive governments have shown disregard for the public by not consulting over this OECD treaty until after it was leaked to the public and opposed by civil society organisations of many nations, informed through the internet.

The undersigned citizens call on the Australian Government to:

- require multinational investors to observe established standards of environment protection, labour, health, safety and human rights
- allow governments to set environmental, labour, health and safety standards, regardless of whether this imposes financial obligations and losses on investors
- give the community effective new powers to hold investors to account
- reject terms which restrict the right of governments to improve standards and/or to effect withdrawal with six months' notice.

We also call on commercial news media to pay more attention to due reportage of community opinion in these matters.

The accompanying letter, signed by over 500 individuals and organisations, was sent to the then Australian Prime Minister, John Howard, and to the Chair of the OECD MAI Negotiating Group in Paris.

Organisations like the Australian Stop MAI Coalition used the internet to coordinate a powerful international campaign against the proposed treaty. This new global protest movement is widely credited with influencing the eventual decision by the OECD at the end of 1998 to cease pursuing negotiation of the MAI.

Both the MAI itself and the nature of the campaign raise some interesting questions about the nature of globalisation, as Stephen Kobrin suggests:

'... the battle over the MAI is a reminder that although the pace and structure of globalization are still open to debate, the phenomenon of globalization is a fait accompli. For the past decade, NGOs and politicians – conservative,

leftist, and populist – have railed against globalization and sought to promote alternatives. But in doing so, antiglobalization activists and advocacy groups have become transnational actors themselves. Both international investors and the electronically networked opposition to the MAI are manifestations of globalization; both compromise the concept of national sovereignty and local control' (Kobrin 1998: 97).

Conclusion

Understanding and practising public policy, in whatever role you choose, will be a challenging and rewarding endeavour, but there is much to understand before you begin. In the first half of this book we outline some of the key areas of theory that will inform your practice, beginning with an outline of the Australian political context and ending with a discussion of the way in which policy problems are identified and 'made' by governments. In between we consider the role of the state and the market from both economic and ideological perspectives. We explore different models and theories for approaching the policy process and we discuss different perspectives on policy 'actors' and policy 'instruments'.

In the second half of the book we consider a range of challenges in the practice of contemporary public policy, focusing on the skills and strategies you will need to become an effective policy worker in a range of settings. Here we consider the different roles you might aspire to, along with skills relating to providing policy advice, influencing the policy agenda, consulting with stakeholders and conducting policy research. We conclude with some practical exercises and a discussion on ethics and accountability.

Throughout the book we will introduce you to some of the key authors and texts in each area we consider, and we balance these with case studies drawn from media sources and expert contributors. Each chapter ends with a set of questions for discussion and some suggestions for further reading. We encourage you to engage with these tasks. It is not possible to convey everything you will need to know in one textbook. This book, as the title suggests, is only an introduction. The next steps in developing the knowledge and skills you will need to be effective in this challenging field are up to you.

Questions for discussion

1. Return to the box containing definitions of public policy (page 3). Which of these definitions seems to derive from an authoritative choice perspective? Which from a structured interaction perspective?
2. Read the newspaper, watch the news on television and listen to some quality radio current affairs. List the different ways in which you hear the terms 'policy' or 'public policy' being discussed. How are they different?
3. What power does the state have in your daily life? What power do you have in your relationship with the state?
4. Choose an area of 'global' importance (for example, the environment, health, security etc.). Has the response to this issue been primarily international or domestic? Why?

Further reading

- Colebatch, H. (2002), *Policy* (2nd edition), Open University Press, UK.
- Considine, M. (2005), *Making public policy: Institutions, actors, strategies*, Polity Press, Cambridge.
- Hindess, B. (1996), *Discourses of power: From Hobbes to Foucault*, Blackwell, Oxford.
- Lukes, S. (1974), *Power: A radical view*, Macmillan, London.

1

THE AUSTRALIAN POLICY CONTEXT

Public policy is not made in a void. It is both created and constrained by the political context in which it is developed. To understand **how** policy is made and **where** different types of policy work happen requires a developed understanding of the context provided by political institutions. This context is itself a dynamic field, as political institutions and political processes change over time in response to changes in social and cultural values, and changes of government.

This chapter outlines the foundational features of the Australian political system focusing on the capacity for executive dominance and the role played by the parliament in constraining that capacity. It then considers recent debates about ‘reinventing government’, which concern the size of government and the proper focus of government activity, and the implications of this reinvention for the place of citizens in the policy process. It concludes with a brief discussion of the historical context that underpins Australian political institutions, and the values associated with this history that remain a component of the contemporary policy context.

Features of the Australian policy context

- A system of representative democracy and responsible government.
- A hybrid system of Westminster parliamentary traditions and US style federalism.
- A **partial separation of powers** between the legislature, the executive and the judiciary.

The **fusion of executive and legislature** produces a style of decision making that is dominated by the executive.

A **division of powers** between the Commonwealth and the states that is established in the Constitution.

A **bicameral system**, that is two houses of parliament: the House of Representatives and the Senate in the national parliament.

Strongly majoritarian.

Decision making in the Australian Commonwealth parliamentary system

The Australian Constitution demands that government must be chosen directly from the people in a system of representative democracy. Each of us lives in a single-member electorate, from which the elected representative takes a seat in the House of Representatives, also known as the Lower House. The party that wins the majority of seats in the Lower House wins the right to form a government. In contrast to a US presidential system, in Australia we do not hold separate elections of the prime minister. Rather, as is the convention in a UK-style Westminster system, the prime minister is the leader of the party that wins the majority of lower house seats.

If that seems confusing, it's because it is. The important word in the preceding paragraph is 'convention'. There are certain key aspects of the Australian parliamentary system – such as the method of determining who will be prime minister – that are not written into our Constitution. These unwritten rules about the way we are governed are based on the long-established British or Westminster system. At the time of Federation in 1901, these conventions were considered to be so well known and understood that, as in Britain, they did not need to be codified in a foundational legal document (Vromen & Gelber 2005: 62).

The representative nature of Australian Government also gives rise to its description as a model of responsible government. The idea of responsible government is another Westminster convention. The executive (that is, the Cabinet and the Prime Minister) is one part of the legislature (parliament) and holds office only with the support of the legislature. The government of the day, with its majority of seats in the House of Representatives, is responsible to the parliament as a whole. Parliament is responsible to the citizens of Australia through elections

at which voters will hold them accountable for their performance. In this sense it is parliament, rather than government, that is paramount. Parliament expresses its will through legislation that must be approved by both houses. The executive and its administrative arm, the bureaucracy, administer and enforce these laws and in some instances the judiciary applies and interprets these laws. Government ministers are responsible, both individually and collectively, for all government decisions. Parliament can amend government policy proposals and monitor the work of the executive through the parliamentary committee system.

At least this is the theory. In practice, Australia's separation of powers is not complete. The partial fusion between the legislature and the executive that occurs because the executive is drawn from the legislature according to Westminster convention means that the executive tends to dominate the working of parliament. Combined with party discipline this means that government policy decisions can be efficiently and relatively easily translated into legislation, constrained only by various other features of our parliamentary system. This was most evident during the last term of the Howard Government, in 2007, where government control of the Senate meant that parliament had little capacity to constrain executive decision making. As a result of this partial fusion Australia is often described as having a system of 'responsible Cabinet government' (Parkin & Summers 2006: 48).

'Cabinet', also known as the executive, refers to the inner-circle of government ministers, including the Prime Minister, who are responsible for the policy directions of government departments and agencies under their supervision. Cabinet is where the power of government is centralised and it is members of Cabinet who have the most influence over the parliamentary policy process. Collectively, the executive is responsible for the administration of government business. It has two arms: a policy-making and political arm, consisting of those elected politicians who are also ministers of state and members of the Federal Executive Council, the most senior of whom sit in Cabinet; and a policy implementation and administration arm (the bureaucracy, which, at least in theory, is permanently staffed by expert, loyal and politically neutral public servants, whose job it is to support the ministers of state). Although the Australian Constitution (section 61) formally vests the executive power of the Commonwealth in the Queen and her representative, the Governor-General, under the Westminster conventions of responsible government, the Prime Minister and his

or her ministers and parliamentary secretaries effectively exercise the executive powers of the Commonwealth. These ministers are in control of government departments and run the business of government. For all practical purposes, the ministry is the executive branch of government.

The budget cycle

The Treasurer is the member of Cabinet responsible for presenting the Commonwealth Budget to parliament in May each year. Most state budgets are presented at around the same time. The budget sets out the government's spending and taxing policies as well as providing an overview of the general economic and fiscal climate. The budget includes 'appropriation bills' which are bills that specifically seek parliamentary approval for the expenditure of taxpayer funds.

The Treasury describes the budget process leading up to budget night as follows:

- **Pre-budget Submissions** (September to November): The Treasurer issues a press release calling for pre-budget submissions from interested parties. This allows for consultation with the community on priorities for the next budget.
- **Senior Ministers' Review (SMR)** (November/December): At SMR, portfolio ministers' new proposals and expected major pressures on agency budgets are considered, and priorities for the coming budget are established. The ministers who attend SMR are the Prime Minister, the Deputy Prime Minister, the Treasurer and the Minister for Finance and Deregulation.
- **Portfolio Budget Submissions** (February): To seek funding for new policy proposals, agencies prepare Portfolio Budget Submissions based on the outcome of SMR. The submissions outline all major proposals that agencies wish to have funded and potential savings they are prepared to make.
- **Expenditure Review Committee (ERC)** (March): This sub-committee of Cabinet is primarily responsible for developing the budget against the background of the government's political, social and economic priorities. It decides which of the agencies' proposals will be funded and by how much. Membership varies, but usually comprises the Prime Minister, the Treasurer, the Minister for Finance, and one or two other ministers.
- **Ad Hoc Revenue Committee** (March/April): The Ad Hoc Revenue Committee is also a Cabinet committee. It meets after the ERC to decide the revenue components of the budget. In recent years the main task of this committee has been to consider if tax cuts should be made and, if so, how.

- **Budget Cabinet** (April): This is the final stage in the decision-making process. Decisions from the ERC are endorsed and the Budget Cabinet agrees to present the budget to parliament.
- **Budget Night**: The budget is brought down on the second Tuesday of May. The Government presents the Budget Papers and budget-related documents. The Treasurer summarises the budget in his Budget Speech, which is presented at 7.30 pm on Budget Night (summary drawn from Treasury 2008).

As mentioned above, the budget includes appropriation bills, which must be passed by both houses of parliament. Failure to pass these appropriation bills is known as 'blocking supply'. The budget may also include announcements that require the drafting of new legislation or the amendment of existing legislation.

While either house of parliament can inquire into any element of the budget, the Senate automatically inquires into the details of the government's budget through the Senate Estimates Committees. These committees provide the opportunity for Senators to ask detailed questions of the public service officials who are responsible for the development and/or implementation of the taxing and spending policies contained within the budget. The estimates committee process is spelt out in detail in Parliament of Australia (2008).

The Prime Minister is intended to be *primus inter pares*, or 'first among equals', and while this may have been true at one time it is certainly no longer the case. While the Prime Minister is unquestionably first, the other ministers are not his or her equals in status, power or public perception. As a result of a number of factors, including the development of the mass media and the strong party discipline in the Australian Parliament, the Prime Minister's position against that of the other ministers has been strengthened and, as a consequence, the Prime Minister is a very powerful figure (see Cook 2004: 19–29 for discussion). It is the Prime Minister of the day who decides the titles of ministers and their departments. He or she also decides their seniority, those who will be in Cabinet and those who will be in the outer ministry. In this task, the Prime Minister can adopt any organisational arrangements he or she wants subject to the provisions of the Australian Constitution and the *Ministers of State Act 1952* (Cth), which places an upper limit on the number of ministers (Weller 1990).

Despite the dominance of the Prime Minister, the Cabinet as a whole remains a key element of policy making, forming what is often referred to as the engine room of executive government. Cabinet

is chaired by the Prime Minister and made up of the most senior government ministers, with the rest relegated to the outer ministry, only able to attend Cabinet meetings when invited by the Prime Minister. According to Weller (1990) and Davis (1997), Cabinet functions as:

- a clearing house, endorsing routine business, making authoritative choices about new policy issues, legitimatising the activities of the public sector
- an information exchange, letting ministers know what is happening across government
- an arbiter, resolving disputes between government agencies and/or ministers
- a political decision maker, applying political judgments to bureaucratic advice
- a coordinator, preventing overlap, duplication and inconsistencies across the range of government activity
- the guardian of strategy, keeping the 'big picture' in front of the government, so that long-term strategic interests are not lost amid disputes over policy detail
- an allocator of resources, developing and monitoring a budget strategy, making major expenditure and savings choices
- a crisis manager, handling difficulties from internal party disputes to major world events, even wars, and
- a watchdog, ensuring individual ministers and agencies are not making unilateral decisions without government consideration (Weller 1990: 32; Davis 2002: 53; Anderson 2006: 98).

These roles are all crucial to the effective functioning of government, but they cannot be allowed to happen without robust forms of scrutiny and accountability. Executive dominance, and the tight control exercised by the Prime Minister in the executive, can raise questions about the functioning of a system of responsible government.

Concerns about executive dominance are exacerbated by Australia's two-party system, which, combined with strong party discipline, means that decision making in Australian parliaments tends to be strongly majoritarian in style. This means that the governing process tends to be dominated by a single party, as opposed to a more consensus-style model such as one might find in a multi-party parliament like that in New Zealand, where decisions are made through cooperation and compromise among a range of parties. Majoritarian systems are generally considered to be less democratically representative than

consensus models, but are thought to make up for this fact by delivering clear, reliable results. In this sense, a consensus model is seen as more decisive in terms of policy making. The other side of this equation, however, is a recognition that the dominance of the two major parties in the parliament tends to create sharply adversarial policy debates, which can, in turn, lead to short term-ism and policy instability (see Marsh & Yencken 2004).

Our focus so far in this chapter has been on the role of the House of Representatives in the formation of government. But the Australian national parliament is a bicameral system, and therefore has an Upper House known as the Senate. The Senate is intended to be part of the system of checks and balances on the sort of executive dominance discussed above. Reflecting political concerns at the time of Federation, the Senate was intended to be a 'states' house' in which government decisions were reviewed as a prohibition against the centralising of government power away from the states. This aspect of our federal system is detailed in the Constitution. The role of the Senate has changed considerably over time, however, and we will consider its contemporary role further below. One expression of concern about the effectiveness of the Senate is found in what is known as the 'decline of parliament thesis'.

A parliament in decline?

It has long been recognised that checks and balances are necessary in a system of government to ensure that individual power is not abused. A parliament to which the executive government is responsible for its actions is one such check. In the federal parliament, the opportunities for the House of Representatives to operate as an effective check on government are significantly reduced because the party or coalition of parties forming government holds a majority of its seats and, through extremely rigid voting discipline, controls the House. However, the development of the Australian system of responsible government, under which the federal government is responsible to the Senate as well as to the House of Representatives, has ensured that the federal parliament, through one of its houses, is able to perform its role as a check on executive government power.

Proponents of the decline of parliament thesis have suggested that parliament is becoming irrelevant to the functioning of government (see Emy & Hughes 1988; Summers 1985). They suggest that parliament

has become overburdened with legislation, leaving little capacity for financial scrutiny, a role now largely performed by the auditor-general. When these factors are combined with the growth and politicisation of the public service and the rise of disciplined parties that ensure their members in parliament vote according to a binding caucus decision, they lead to executive dominance of a parliament with limited capacity to work according to the Westminster model of accountability. This view suggests that parliament has become little more than a rubber stamp.

In contrast, Liz Young (2000) has argued that relations between the executive and the legislature, or between the government of the day and the parliament, can be understood as falling into three phases. Between 1901 and 1909 parliament was dominated by high levels of party instability as three fairly equal groups (free traders, protectionists and the Labor Party) struggled for power. No single party could control both houses of parliament, meaning that alliances and negotiations were required to pass legislation. Between 1910 and 1948 a stable party system emerged. Government majorities in the Senate were common, leading to the decline of parliament. In 1948 the introduction of proportional representation in the Senate, along with an increase in the number of senators from 36 to 60, returned some influence to the parliament by restoring the Senate's role as a house of review. The Senate was further expanded to 76 in 1984.

The federal government is held responsible to both the House of Representatives and the Senate, though in different ways. The government is responsible to the Senate in the sense that, while the party or coalition of parties possessing the confidence of the House of Representatives does not need to hold a majority of the seats in the Senate to *form* government, the Senate may force the government to account for its actions by blocking key legislative reforms or even by withholding finance from it; that is, by rejecting an appropriation bill for the ordinary annual services of government. This position recognises that the Senate is democratically elected and possesses constitutional powers nearly the equal of the House of Representatives. To fulfill the role the Constitution allows the Senate in relation to the government, the Senate is able to scrutinise and judge the activities, policies and legislation of the government. This is why the Senate is known as a house of review (Singleton *et al.* 2006: 164–8).

After the introduction of proportional representation, there occurred a 'revival' of the Senate as a house of review. This increase in political power and status is partly explained by the fact that it is

unusual for a government to secure more than 50 per cent of the seats in the Senate and so have a workable majority. For most of the past 20 years minor parties and independent Senators have held the balance of power in the Senate. This situation has often forced both Labor and Coalition governments into long and complex negotiations with a handful of Senators who are able to determine the passage of the government's legislative program through parliament (Summers 2006).

Australian federalism

Federalism is defined by a division of powers between a central or 'federal' government and a number of constituent states or provinces. An established federal system, such as that in Australia or the United States, involves an agreement between a number of such sub-national jurisdictions to come together as one, in an arrangement where they are united but remain distinct with relationships built on coordination rather than subordination. In Australia, powers and responsibilities between the two levels of government are codified in section 51 of the Constitution, known as the division of powers (as distinct from the separation of powers between legislature, executive and judiciary). The division of power established several key principles of Australian federalism:

- that each jurisdiction was to be directly elected by, and to act directly on, its citizens
- that each jurisdiction would be autonomous within its sphere of responsibility and neither subordinate nor dominant in its authority
- that each jurisdiction would have a substantial area of responsibility, and
- that each jurisdiction would be protected from encroachment by the other by a judicial authority, namely the High Court (Jaensch 1991: 292).

Both federal and state governments accepted this division of power, and the resulting intergovernmental relations are a significant element of the Australian policy context. It should be noted, however, that these powers do not apply equally to the territories, which do not have the same level of autonomy as the states. This difference in status has allowed the Commonwealth Government to override territory legislation, such as the Northern Territory euthanasia legislation and the Australian Capital Territory's Civil Unions Bill.

Federalism creates a system of multiple jurisdictions that contains possible tensions in the policy process (see Fenna 2004: 165–88). In as much as our Constitution sets out the varying responsibilities of the different levels of government (with the exception of local government), there remains room for some degree of ongoing negotiation that is influenced by financial arrangements. Since the 1942 Uniform Tax Case the federal government has collected income tax, and since 2000 they have also collected tax revenue from the GST. The fair distribution of these funds to the states and territories, who must use them to deliver essential services such as health and education, are a constant source of tension between the jurisdictions as the case study below demonstrates.

Case study: The Commonwealth Grants Commission dispute with New South Wales

In 2004, the then Labor Treasurer of New South Wales, Michael Egan, initiated a protracted battle with the then Federal Liberal Treasurer, Peter Costello, and the then Prime Minister, John Howard, over the allocation of Goods and Services Tax (GST) revenue to the states by the Commonwealth Grants Commission. In 2005 this battle continued under the command of Egan's replacement in the Treasury, Andrew Refshauge. At issue was the fact that for every dollar New South Wales was paying as GST revenue, the Grants Commission formula returned only 86.8 cents, compared with \$1.04 to Queensland or \$1.20 to South Australia. According to the State Treasury this amounted to a shortfall of \$3 billion for New South Wales. The 2004 campaign by Egan and the then Premier, Bob Carr, had no effect on federal government policy and so the issue was revived in 2005 when the federal treasurer tried to entice New South Wales to reduce state taxes with a \$330 million 'sweetener'.

Treasurer Refshauge rejected the federal offer out of hand, arguing that the proposed \$330 million would not even compensate for the loss of state tax revenue, let alone for the GST shortfall. As several other states fell into line with the federal Treasurer's demands that they drop certain state stamp duties in line with the original GST agreement, New South Wales threatened to walk away from the funding agreement altogether. While all the other states except Western Australia bowed to federal demands, New South Wales continued to play its game of brinkmanship. The federal Treasurer's deadline for state agreement came and went, but the New South Wales position found increasing support. First a legal opinion from a leading barrister

agreed that the 1999 GST agreement did not 'oblige' New South Wales to abolish the state taxes, as Costello had claimed it did, then a New South Wales Chamber of Commerce survey found that businesses felt they were 'being short-changed' by the federal government. Even when the federal budget added another \$223 million over three years to the New South Wales offer, Refshauge refused to budge, claiming, 'There is still nothing in it for us'.

The issue dragged on into 2006. Although promised a slightly larger share of GST revenue in 2007, the new allocation would still see New South Wales get back only around 90 cents for every dollar spent, or a return of only 28 per cent of the revenue from a contribution of 34 per cent. Despite a new round of complaints, including full-page newspaper advertisements, Treasurer Costello remained unmoved and confirmed that he would not ask the Commonwealth Grants Commission to revise the allocation formula despite an earlier acknowledgment from Reserve Bank Governor, Ian Macfarlane, that the current formula is 'illogical'. In response, the new New South Wales Premier, Morris Iemma, and Treasurer, Michael Costa, repeated their determination not to cut state taxes until greater federal compensation was made available to them. Just days after this statement, however, Iemma announced that a deal had been done with the federal Treasurer that would see New South Wales eliminate an annual \$1.4 billion in state taxes in return for an extension of budget adjustment payments to June 2009.

Edited extracts from Maddison 2005, 2006

Australia's political, economic and social structures have changed significantly since Federation. These changes have affected the federal balance quite dramatically (despite the fact that the text of the Constitution itself has not changed much in over 200 years). In recent years both state and Commonwealth governments have suggested formalising some of these changes in various proposals for a 'new federalism'. Certainly, resolving once and for all whether responsibility for the provision of, for example, public hospitals, lies with the state or Commonwealth governments would allow a greater degree of coordination, a uniformity of standards, and less opportunity for 'buck passing' between Commonwealth and state governments. It is unlikely, however, that such debates will be settled anytime soon. Rather it is likely that the contest of power between Australian jurisdictions will provide an important part of the context of Australian public policy work for a long time to come.

Big government, small government: Debates about public sector reform in Australia

Is there ‘too much government’? Underpinning much debate about the functioning of the institutions of parliament discussed thus far is the question of whether there is simply too much government. Critics of so-called ‘big government’ in the 1970s insisted that it was leading to poor macro-economic performance, slower growth, and rising unemployment and inflation. In the 1980s and 1990s this gave way to the belief that too much government was contributing to poor trade performance by reducing Australia’s competitiveness in a global market. In short, big government, measured by the extent of government taxing and spending as a proportion of Gross Domestic Product (GDP), was seen as an economic liability. To reduce the size of government it was argued that governments must exercise restraint, which could be achieved through a range of policies such as deregulation, corporatisation and privatisation, contracting-out, user pays, and through the reining in of taxation and expenditure.

Case study: Deregulating the financial system

The deregulation of the financial system by the Hawke Government in 1983–84 closely followed their decision to float the Australian dollar, that is, to allow the value of the Australian dollar to be determined by traders on international foreign exchange markets rather than to have its value fixed by the government. The deregulation of the financial system more broadly allowed for the lifting of ceilings on interest rates, the removal of some government controls over bank lending and liquidity and the licensing of some non-bank institutions to participate in foreign exchange transactions. Foreign banks were allowed to establish subsidiaries and eventually branches in Australia. The belief was that increased competition in the banking sector would promote efficiency and growth. There was also a desire to take advantage of opportunities in the global financial markets, which demanded reciprocal rights of access.

Today there is considerable disagreement over whether deregulation has delivered what was intended. The deregulation of the finance industry has seen a huge growth in Australia’s foreign debt and has contributed to the booms and crashes in the stockmarket and property markets. Robert Wade has argued that the finance industry needs regulation in much the same way that the gambling and tobacco industries need regulation: because the social costs of deregulation are simply far too high (Wade 2008; Wade & Kaletsky 2007).

Until relatively recently Australia was notable for the extent of economic tasks that were carried out by government rather than being left to the private sector. Claims about the inefficiency of 'big' government and the relative efficiency of the private sector compared to government have seen the sell-off of industries such as telecommunication, power supply and water. In many industries, and in many areas, the privatising of previously government-owned assets and infrastructure continues, with the controversial proposals to privatise elements of the New South Wales electricity supply being one recent example. In short, privatisation involves the sale of government-owned enterprises to private owners either through public float or trade sale. While there is arguably benefit for the state and therefore citizens in shedding costly infrastructure, there are also concerns about treating some areas of infrastructure as private profit-making concerns through the commercialisation of public infrastructure. There are concerns about transparency and accountability as well, as the private sector, while economically efficient, lacks any form of political accountability.

These debates about reforming the size of government and the focus of government activity have been captured in the work of David Osborne and Ted Gaebler, in their book *Reinventing government*, discussed in more depth in the next chapter. Osborne and Gaebler suggest that governments should function primarily as entrepreneurial agencies that organise and oversee various functions rather than as bureaucratic agencies trying to carry out all of those functions themselves. This is what they describe as 'steering not rowing' (1993: 25). Under the reinventing government thesis, governments should relieve themselves of the need to row by putting service functions out to tender in the market.

One way for governments to relieve themselves of the burden of rowing is through the outsourcing of government activity through regimes of competitive tendering, contracting out, public-private partnerships (PPPs) and BOOT arrangements (Build-Own-Operate-Transfer). Through a process of competitive tendering various private businesses have the opportunity to become service providers for the state. Capital works are being outsourced as well through an increase in PPPs under BOOT arrangements. This means that the private companies that invest the money into the project can benefit from the profits to be made from running the project for an extended period before transferring ownership back to the government. Many of these

ideas have become so accepted that there is now legislation in place in many areas that makes competitive tendering a compulsory component of delivering government services.

Despite the popularity of these arrangements with Australian governments, Patrick Bishop and John Wanna (2004) suggest some of the potential drawbacks of public sector reform:

- Citizens may be adversely affected through practices such as user-charging, for example, which may have significant social implications because not all citizens may be able to afford the service and therefore will not be able to access that service.
- The private sector cannot deliver the cross-subsidies that allow access to services by the widest range of people. When a government department delivers a service, such as remote telecommunications services for example, the public enterprise can subsidise the non-profit-making services in the bush through those in the city that make a profit. This is not a feasible option for a private company driven by the profit motive and compelled to maximise returns.
- There is a greater risk of corruption and collusion as increased commercialisation introduces greater opportunity for fraud and malpractice. Outsourcing also risks collusion among private sector providers, particularly when there are relatively few in the market.
- While governments may wish to wash their hands of any responsibility for the delivery of poor quality services once those services are outsourced, there is a growing weight of opinion that governments must remain ultimately accountable even if they choose to have other bodies deliver their services.
- Privacy is also a concern as private contractors may have access to private or sensitive information about clients or other organisations. Governments are at risk of losing control over who is handling such information, with the resulting risk of citizens' rights being abused.
- There is potential for conflicts of interest when government agencies carry both a commercial and a regulatory capacity.
- The contracting out of many large-scale government services has sponsored the development of new monopolies rather than increasing competition as envisaged.

And as the case study below illustrates, sometimes privatisation and outsourcing arrangements can go badly wrong.

Case study: Privatisation gone wrong: The Victorian ambulance service

Ambulance dispatch company decides to quit

COMPERE: In Victoria, a chapter closes in the Intergraph saga. It's the story of the company whose role in the privatisation of ambulance dispatch services under Jeff Kennett was so controversial. Already the subject of a Royal Commission, Intergraph has now decided not to seek an extension of contract when it comes up for renewal in 2002. The company says its role in the privatisation of the system was an experiment that hasn't paid the expected dividends.

Intergraph denies that its troubled track record and the weight of a Royal Commission are driving its decision to pack up and go.

Guilia Baggio reports from Melbourne.

GUILIA BAGGIO: In 1993, the Kennett Government privatised Victoria's ambulance dispatch system. By Intergraph's own admission it was something of an experiment. Managing Director, Greg Batchelor.

GREG BATCHELOR: It's a unique situation. It's the only place anywhere in the world where a private company has been operating call centres on behalf of the emergency service agencies. As I said, from an operational point of view, I believe it's been extremely successful, and that's reflected in the performance that we have achieved in the centres.

GUILIA BAGGIO: And despite major cost blow-outs, ambulances getting lost or arriving late and an unusual tendering process now the subject of a Royal Commission, how does Mr Batchelor think the public will judge the experiment?

GREG BATCHELOR: I believe the public do believe it's been successful, yeah, absolutely. The performance in the call centres is second to none anywhere in the world, and so from our point of view, as I said, from an operational point of view, it has been a successful operation.

GUILIA BAGGIO: The families of people who died waiting for an ambulance back in the early to mid '90s would have a very different view. And the Royal Commission into the way Intergraph won the original contract is presently hearing submissions that Intergraph staff were ordered to log phantom calls to make it appear the company was meeting performance targets.

Intergraph argues the phantom calls were made merely to see if the system was working to standard. Either way Mr Batchelor would not be drawn on the issue today.

GREG BATCHELOR: I'm sorry, I'm not going to comment on anything in the Royal Commission. The Royal Commission is a matter – is something that's still going on at

the moment and it would be totally inappropriate for me to comment on that at this point in time.

GIULIA BAGGIO: What can't be kept secret is the relationship Intergraph has with Health Minister, John Thwaites. In Opposition, it was he who was the major source of embarrassment for the company. It seemed week after week Mr Thwaites would expose a fresh scandal, with people on the inside providing him with a stream of damaging memos and documents. He was instrumental in discovering Intergraph had won the contract in a tendering process later described by the Auditor-General as seriously mismanaged at best, or constituting serious corrupt activity at worst.

A fraud squad investigation into the matter never got off the ground, so once in office the Bracks Government set up the Royal Commission. Intergraph Managing Director, Greg Batchelor, says none of that has influenced the decision to bail out.

GREG BATCHELOR: In terms of our relationship with the Government, it's been – I guess it probably hasn't been as good as we would have liked, but we are anticipating a very co-operative working relationship from here on in with them.

GIULIA BAGGIO: In recent times Intergraph has substantially improved its performance, but the overall cost seems to have been too high. Health Minister, John Thwaites, says the Government will attempt to keep as many staff as possible once Intergraph management departs in 2002, and it seems he's planning to bring the seven year outsourcing experiment to an end.

JOHN THWAITES: We do believe that there should be more government control over all of these areas, and so when we make our decision, that will certainly be a factor. This is another one of those privatisations of health that the Kennett Government undertook that have caused a lot of problems. We're now rebuilding the system, putting more resources in, and we'll ensure there's a smooth transition.

COMPERE: The Victorian Health Minister, John Thwaites, with Giulia Baggio there.

(Australian Broadcasting Corporation 2000)

Critics of the techniques associated with achieving 'small government', such as privatisation, argue that government activity has not actually been reduced by these actions. Instead they suggest that government activity has simply been reoriented towards directly serving the interests of business and directed away from policies that focus on ameliorating the social problems that inevitably arise in a market economy. The result is not 'small government', they suggest, just 'different government'. This scepticism about the capacity of the market to deliver infrastructure and services that were previously the preserve of government will be discussed further in Chapter 2.

One of the notable effects of the sorts of public sector reforms considered here has been the recasting of citizens as consumers (see Frederickson 1996). This conceptualisation has the effect of redefining the engagement of citizens in policy-making processes. Neal Ryan has outlined four key problems that are associated with this view:

1. Viewing citizens as ‘customers’ redefines the relationship between government and the public as both passive and commercial; as a transaction rather than an interactive political engagement. In this view government comes to be seen as independent of its ‘customers’, the public, and consumer complaints and consumer rights replace ideas of public duty and responsibility.
2. The new emphasis on the individual as consumer over the collective responsibilities of government may limit the capacity of government to act in the public interest. In many cases public interest should take precedence over consumer interests in order to maintain both equity and standards. Educational institutions, for example, have a public duty to maintain standards in preference to the consumer demands of students to be given easier assessment. Key to this is the understanding that governments have a responsibility to govern, above their responsibility to produce goods and services. Collective interests, rather than individual preferences, should determine government policy and services because the relationship between citizen and government cannot be reduced to an economic exchange.
3. Government services are often monopolistic because of a lack of demand for services; legal barriers to the entry of competitors; or critical shortages in resources required for production. In this sense many areas of government service provision do not create the sort of competitive market of institutional providers needed to create a market environment. For example, the demand for telecommunication services in rural areas of Australia is unlikely to support more than a single service provider.
4. The construction of citizens as consumers assumes a simplistic and voluntary market relationship between government and citizens. In reality, the relationship between government and citizens is much more because government service providers must respond to a wide range of stakeholders other than users of services (Ryan 2001: 105–7).

Unsettling the Australian settlement

Of course the policy context is not only about political institutions. Our institutions of government derive from Australia's colonial history, and many contemporary debates about the role, size and functioning of government still derive from this historical background. White Australia began as a British penal colony with a tradition of heavy reliance on government – initially the British Government but later the emerging Australian governments – for the provision of infrastructure and services. Colonial links to Britain meant that Australia's economic development relied on exports of farm and mineral commodities to Britain to support the import of manufactured goods (Woodward 2006: 425–6). It was in this economic context that the uniquely Australian political and social institutions, with a set of interlocking policies later popularised by Paul Kelly as 'the Australian settlement' (Kelly 1992, 2008), was forged. This settlement was widely accepted and endorsed by all the major political parties and reflected an historic compromise between capital and labour. This settlement formed the framework of and the context for all Australian public policy and for Australia's political economy as a whole until the economic reforms of the 1980s (Woodward 2006: 426).

The key planks of the Australian settlement

Industry protection: The use of tariffs to protect Australian manufacturing from overseas competition was a major political issue in the newly federated Australia. This was largely resolved during the first few years post-Federation with the triumph of the protectionists serving to embed tariffs in the Australian political economy.

Wage arbitration: A distinctly Australian approach to industrial relations was an early compromise between employers, who feared violent strikes, and the emerging labour movement. Both the movement and employers accepted a system whereby a neutral arbitrator would settle disputes, which later enshrined the concept that minimum wage levels should be tied to the cost of living rather than to productivity and also protected working conditions and gave legal protection to trade unions.

The White Australia Policy: This shamefully racist policy aimed to exclude non-white immigrants, and at the time had the support of the labour movement, who wanted to protect wages against cheaper non-white labourers.

Imperial benevolence: The reliance on trade relationships with Britain as the central focus of the developing Australian economy.

State paternalism: The reliance on governments rather than private enterprise to provide utilities, transport, and eventually welfare, that was an entrenched part of Australia's economic and policy framework under the settlement.

The core policies of the Australian settlement served Australia well. At the time in which these policies were formulated they seemed appropriate to the social and economic context, and certainly appeared to provide for a degree of social harmony and political stability. Most countries had similar sorts of protectionist policies. While the White Australia Policy and the idea of imperial benevolence were left behind relatively early on, the economic framework provided by the settlement was more enduring and thought by many to be fundamental to Australian national identity. This view was supported by the long postwar boom from around 1949 to 1970, during which there was a high rate of economic growth and very low unemployment. The recession of the 1970s appeared to reveal some underlying structural flaws in Australia's economic policies, which in Australia produced a rhetoric of 'crisis' (Woodward 2006: 429). In particular this rhetoric heralded the introduction of the neoliberal economic policies that have dominated Australian public policy since the 1980s. These policies will be discussed further in Chapter 2.

Conclusion

The character of Australian political institutions influences policy and policy work. Our hybrid Westminster system, strong executive government and evolving federalism, provide the institutional framework for broader debates about the size and scope of the work of government. Underpinning these debates is the politico-historical context of the 'Australian settlement' that provides a contested value base for understanding the political context for policy work. In the next chapter we will explore the range of ideologies that interact with these institutions and values.

Questions for discussion

1. Parliament is broadcast live on ABC television and radio. Tune in and listen to some debate. How does this influence your views of the ‘decline of parliament’ thesis?
2. What differences can you observe between the decision-making styles of the previous prime minister (Howard) and the current prime minister (Rudd)?
3. What do you think of the current balance of powers between state/territory and Commonwealth governments? Is the division of policy responsibilities serving Australia as well as it could? What would you change?
4. In your view, should governments ‘row’ or ‘steer’ or both?
5. The policies that Kelly outlines as making up the ‘Australian settlement’ cannot be said to be comprehensive. A notable exception is policy towards indigenous Australians. What else is missing?

Further reading

- Kelly, P. (2008), *The end of certainty: Power, politics and business in Australia* (2nd edition), Allen & Unwin, Sydney.
- Parkin, A., Summers, J. and Woodward, D. (eds) (2006), *Government, politics, power and policy in Australia* (8th edition), Pearson Longman, Sydney.
- Vromen, A. and Gelber, B. (2005), *Powerscape: Contemporary Australian political practice*, Allen & Unwin, Sydney.
- Weller, P. (2007), *Cabinet Government in Australia, 1901–2006: Practice, principles, performance*, UNSW Press, Sydney.

2

STATE OR MARKET I: IDEOLOGY AND PUBLIC POLICY

In the introduction to this book we posed what we consider to be the central question that informs the way we think about public policy: **What is the role of the state in people's lives?** This chapter will consider this question from a range of different ideological perspectives; from the 'invisible hand' of Adam Smith to the central control of Marx. Understanding the way that different ideological perspectives might shape the answer to this key question will help you to develop a richer and more sophisticated understanding of policy work. If we 'unpack' this central question we find other questions that we need to think about, such as:

- What is the appropriate role of government?
- How much should governments intervene in the market?
- How much should governments intervene in the lives of citizens?

The way in which any individual, group or political party will answer these questions will depend, at least in part, on their ideological perspective.

Ideology, in the sense that we are using it here, refers to a set of ideas or beliefs that underpins a social, economic or political system. An ideology is the worldview that allows an individual or a group both to interpret the way things are and to suggest the way things ought to be. They are 'guides to political action' that give us 'ideals to believe in, goals to strive for and tell for what causes to fight' (Adams 1993: 6). Ideologies are concerned with what constitutes 'justice' in society, with the place of the individual, with the importance of community,

with the role of government, with the legitimacy of collective action, with the importance of public ownership and so on. Different ideological perspectives provide quite different policy prescriptions on key issues, including:

- the balance between individual and collective rights and responsibilities in society
- the relationship between women and men and the nature of the family
- the virtues of the market economy and the acceptability of economic inequality and poverty
- the importance of democratic processes and participation
- the relationship between human civilisation and nature
- the nature and significance of ethnic, cultural, religious and national differences and identities (Fenna 2004: 42).

These debates on the role of the state add considerable dynamism to the field of policy studies. Over time, each of the key ideological perspectives on the role of the state that are discussed here have waxed and waned in influence. Many of these ways of thinking about the state have long histories.

Philosophies of the state: some key thinkers

Niccolo Machiavelli (1469–1527): ‘Politics have no relation to morals.’

Machiavelli was interested in ‘statecraft’ and fascinated by power and the use of power to achieve objectives. He was concerned with the relationship between ends and means and argued that an effective leader was one who could make best use of the circumstances and times in which they found themselves.

Francis Bacon (1561–1626): ‘Power is knowledge.’ One of Shakespeare’s contemporaries, Bacon examined policy as a rational course of action based on knowledge. Good policy necessitated building up support rather than opposition, and maintaining balance and authority.

Jeremy Bentham (1748–1832): ‘The greatest happiness for the greatest number.’ A leading exponent of utilitarianism, which declared that the principle of utility, in which the greatest happiness for the greatest number is achieved, should be the foundation of both individual action and government policy.

Karl Marx (1818–83): ‘Capital is reckless of the health or length of life of the laborer, unless under compulsion from society.’ Often described as the ‘father of communism’, Marx argued that the capitalist system carried the seeds of its own

destruction, and would inevitably be displaced through a revolutionary uprising of workers.

John Dewey (1859–1952): ‘Education is not a preparation for life; education is life itself.’ A leader in developing what is known as modern ‘pragmatism’, Dewey considered democracy to be a process of investigating and exchanging ideas, such that policy became an exercise in problem-solving through learning and testing.

Friedrich von Hayek (1899–1992): ‘A claim for equality of material position can be met only by a government with totalitarian powers.’ One of the leading thinkers behind the emergence of the ‘New Right’, Hayek emphasised individualism and the freedom of the market, arguing that governments could not improve on the social conditions that were created by the interaction of free individuals and free markets.

John Rawls (1921–2002): ‘An injustice is tolerable only when it is necessary to avoid an even greater injustice.’ In *A Theory of Justice* (1971) Rawls developed a model of justice based on fairness and equality of opportunity where social and economic inequalities could be accepted only if they were to the advantage of the least well off.

Amitai Etzioni (1929–): ‘Responsibility for any situation belongs first to those who are nearest to the problem.’ Among the leading advocates of communitarianism as a viable approach to public policy, Etzioni advocates family and community responsibility as a middle way between the excesses of state intervention and reliance on free market forces.

Adapted (in part) from Parsons (1995: 41–53)

The information in the box above suggests the ways in which philosophical and ideological debates have continued to influence thinking about the role of the state over time. The key ideas of many of these writers have developed as a critical response to a previously dominant point of view. Dissatisfaction with the fact that no single ideological perspective has ever managed to solve key social problems such as poverty or inequality means that the ideologies considered in the rest of this chapter will continue to be debated, developed, discarded and revived as successive generations strive for ‘the good society’.

Despite this complexity, however, contemporary debates about the role of the state are often boiled down to two incompatible and competing views about what constitutes ‘the good society’. The first advocates a view of society peopled by the self-interested ‘rational maximisers’ known as *homo economicus* in the economics textbooks, with governments functioning primarily to ‘provide the secure space in which these naturally self-interested individuals are left free to discover

and pursue their own (basically material) happiness' (Emy and Hughes 1991: 236). A wholly different view, and one that has been considerably out of mainstream political fashion in recent years, instead promotes a society based in values of equality and collectivity, in which it is the role of government to intervene in order to smooth out the inevitable inequality of the market economy. Broadly, these two views are what we might describe as Right and Left, although as the rest of this chapter will make clear, this sort of positioning on the political spectrum cannot wholly capture the complex, intersecting and multifaceted nature of the way that ideologies influence public policy. Nevertheless, to simplify our explanation of a complex area of political philosophy, here we describe these two perspectives as being 'market focused' or 'state focused' in their orientation to public policy.

Case study: For-profit child care: To market, to market ...

Deborah Brennan, Social Policy Research Centre, University of New South Wales

Until the early 1990s, Australian governments (both Labor and Coalition) ensured that Commonwealth funds went only to non-profit providers of children's services. The *Child Care Act 1972* (Cth), introduced by a Coalition government, explicitly prevented private child care businesses from receiving government subsidies. This aspect of the legislation was completely uncontroversial at the time. Both sides of politics implicitly agreed that child care was a 'public good' that should be offered as a community service.

As pressure to expand the child care program grew during the 1980s, the Commonwealth began to look for ways to increase service provision. One way to do this quickly was to extend child care subsidies to the users of for-profit services. Women's groups and community child care advocates opposed this very strongly. They argued that the shift to the market would lead to higher costs and reduced quality and that the government should, instead, expand non-profit provision. But Labor (by this time in government) pushed ahead regardless, arguing that it would be more equitable and more efficient to extend fee subsidies to families using for-profit care.

As well, it was claimed by market advocates that the new policy would lead to:

- increased parental choice
- lower costs
- higher quality
- greater diversity of provision.

Labor's support for the private sector was intensified by the Howard Government. In 1996, the operational subsidies that had previously been paid to non-profit providers were withdrawn in the interests of establishing a 'level playing field'. Then, in 2000, the government introduced a new, more generous payment called 'Child Care Benefit'. This operated as a kind of voucher. Eligible families could have their entitlement to Child Care Benefit paid directly to the service they chose, providing a government-guaranteed income stream to providers. This opened up what some called 'a bonanza for business'. As one provider said: 'child care . . . is the best business I've ever seen in my life. The government pays subsidies, the parents pay you two weeks in advance and property prices keep going up' (cited in Brennan 2007).

In 2001, a company called ABC Learning listed on the Australian stock exchange. ABC rapidly became the dominant player in Australian child care, buying up its rivals and acting aggressively towards competitors. Within three years, the CEO of ABC Learning, Eddie Groves, was declared the richest Australian under 40, having amassed a personal fortune worth hundreds of millions of dollars. Until the company's financial collapse in late 2008, it owned approximately one-third of all the child care places in Australia.

Does this matter? From a public policy point of view, it matters a good deal, for three reasons. First, many families value the ability to choose between providers of different types. By introducing subsidies, which parents can use to buy child care from any approved provider, governments intended to increase diversity and choice for parents. But the reality for many parents is that their options have been reduced. Many small owner-operators have sold out to ABC. Community-based child care, highly valued by many families, has been marginalised in many parts of Australia and barely exists in some communities. The market cannot deliver this type of service, yet it is precisely what many parents want.

Second, the interests of shareholders and the interests of children conflict. Shareholders seek high returns on their investment while children require high quality care, which is expensive to deliver. Australia's regulations are well below the levels suggested by international research and early childhood educators have lobbied hard to strengthen the regulations governing group sizes and staff qualifications. Their efforts have been resisted by powerful private providers. It is unlikely that future governments would be willing to strengthen child care regulations if they were threatened with the prospect of corporate flight.

Thirdly, corporate dominance can make it harder for governments to achieve their goals. As an example, the shift to the market was intended to drive prices down through competition. Instead, prices have gone up dramatically. In the five years to 2007, child care prices increased by 88 per cent – far faster than the Consumer Price Index. When,

in 2008, Labor increased the rebate that parents can claim to reduce their 'out of pocket expenses', private providers responded by increasing their fees once again.

The collapse of ABC Learning was a dramatic demonstration of the failure of the 'market model' to serve Australian families. Instead of greater diversity and lower costs, families have faced escalating child care fees, greater uniformity, lower quality and less choice. The company's collapse meant that several unprofitable centres closed with little notice, leaving many families with no child care at all.

Market-focused ideologies

At one end of the ideological spectrum concerning the role of the state we have a range of market-focused ideologies that emphasise the importance of a free market and caution against government control or interference. An early invocation of this view derives from the French term *laissez-faire* – literally, 'leave them to do' – first used in the eighteenth century as a sanction against government interference with trade. From a *laissez-faire* perspective, the role of government is primarily to ensure that nothing interferes with the working of the market (Hill 2005: 118). The *laissez-faire* school of thought, often referred to as libertarianism, holds a pure capitalist or free market view, with adherents advocating the view that a capitalist economy will resolve inefficiencies more effectively than any government could. This is a view shared, to some extent, by one of the key thinkers associated with this perspective: the Scottish economist Adam Smith. In his seminal work *An Inquiry into the Nature and Cause of the Wealth of Nations*, published in 1776, Smith contended that what he termed the 'invisible hand' of the market would guide people to act in their own self-interest, thus producing a spontaneous social order that would also secure the public interest (Parsons 1995: 4). Smith advocated the view that the free market is the most efficient generator of wealth, impeded only by government interference. However, Smith also acknowledged the limitations of the free market perspective, arguing that certain key areas should remain the 'duty of the sovereign'; namely national security, individual security and the provision of public works. Indeed, Frank Stilwell has suggested that Smith may well be 'turning in his grave' over some of the more extreme *laissez-faire* ideological positions advanced in modern, neoclassical economic theory (2002: 63).

Classical *laissez-faire* theories remained influential until well into the twentieth century. They eventually fell into disrepute in large part because the two world wars and the Great Depression forced governments to take a more active role in the management of the economy. The Second World War had a particular impact in this regard, but even before it had begun, governments, policy makers and economic theorists had started to look for new ways to regulate the market and manage domestic economies (Hill 2005:119). One outcome of this period was the emergence of the Keynesian welfare state discussed in the next section. But while it might have fallen out of favour during the middle decades of the twentieth century, by the 1980s *laissez-faire* economics was seeing a strong revival. Various badges as neoclassical economics, neoliberalism, neoconservatism, the 'New Right', and, in Australia, economic rationalism, as in other Western democracies (most notably the United States and Britain), neoliberalism in Australia articulated a strong market-focused perspective.

Neoliberalism developed from the foundations of classical liberalism, with its emphasis on individual rights and freedoms that should flourish unfettered by government interference. The key tenet of neoliberalism as articulated during the rise of the New Right in the 1980s and 1990s was that Western liberal governments were interfering in the functioning of the market for the wrong reasons and with detrimental effects. In other words, neoliberals argued that by the end of the twentieth century there was just too much government. This was clear, according to their argument, in several important ways:

1. Governments were taxing too much, thereby penalising those generating wealth and reducing incentives that allow a market economy to function. They proposed lowering taxes, flattening the tax structure and moving from taxing income to taxing consumption.
2. Governments were borrowing too much, thereby reducing the amount of capital available for private sector investment. They proposed that governments should instead be using their budget surpluses to retire debt rather than spending on public services and infrastructure.
3. Governments were also spending too much, particularly in the area of social services, meaning that money was being given to people who had not earned it, thereby reducing their incentive to work. They proposed reducing government expenditure, particularly on welfare and social services.

4. Governments were regulating too much, thereby discouraging investment and restricting business activity. They proposed reducing legislative safeguards in areas such as health and environmental standards.
5. Governments were doing too much, despite the belief that private enterprise is more efficient than public enterprise. They proposed selling off government business enterprises to private owners.
6. Governments providing too much protection, meaning that tariffs and other regulations were making the market less efficient and some business sectors less competitive. They proposed reducing or eliminating tariffs and other trade barriers, abolishing centralised wage fixing and deregulating markets to allow competition to determine prices (Fenna 2004: 62–3).

During the 1980s and early 1990s many of these ideas were being hotly debated in Australia, in what was a period of transition in the world economic order following the end of the Cold War. Francis Fukuyama described this period as ‘the end of history’, arguing that modern market-based liberal democracies were the end point in the evolution of Western society (1989, 1992). More critical views suggested that what Michael Pusey called ‘the triumph of economic rationalism’ in fact pointed to a weakness in both culture and civil society such that ‘primacy is given to “the economy”, second place to the political order, and third place to the social order’ (1991: 10). Either way, this period saw market-focused perspectives that privileged the freedom of the market over the role of the state, and individual liberty over collective solutions to social inequality, come to dominate arguments about the role of the state. This dominance continues to this day.

Often linked to market-based perspectives on the role of the state is a conservative social ideology on the role of the family. Indeed, when people speak casually of ‘the Right’ they may mean those who are economic neoliberals, classical liberals, social conservatives or a combination of these. While it is true that many politicians on the ‘Right’ in politics, for example in the Liberal and National parties, will be both neoliberal and conservative, these two ideological perspectives do not necessarily go hand in hand. Conservatism is an ideology that is attached to traditional social values and institutions such as the family, the monarchy and the church. Under this worldview, no institution is considered more important than the

family, by which conservatives mean the traditional heterosexual family that conforms to traditional gender roles. The primacy of the family extends to a view of the state as something of a father figure to the ‘family’ of the nation, required to monitor and regulate individual behaviour. In the conservative view the role of public policy is to protect traditional values and institutions through a strong state that is not morally neutral (Maddox 2005: 334–48). This view, however, can often bring the values of conservatism into conflict with the values of neoliberalism. Governments and individual politicians may express a strong attachment to conservative social values along with an equally strong attachment to individual economic freedoms. At times this has produced public policy in which the conservative intent of the policy undermines the broader neoliberal orientation of the government, as in the family benefits payments described in the case study below.

Case study: Family Tax Benefits: Government intervention to protect the ‘traditional family’

The Howard Government introduced the Family Tax Initiative (FTI) in January 1997. In its first phase, this initiative provided an increased tax-free threshold for families with dependent children and treated single income families (single parents and couples) more favourably than dual income families. In July 2000 the FTI was enhanced and a new Family Tax Benefit (FTB) system launched, which rolled twelve pre-existing family assistance benefits into three: Family Tax Benefit Part A, Family Tax Benefit Part B and the Child Care Benefit (CCB).

Although simpler, the new system of family support payments continued to impose very high effective marginal tax rates (EMTRs) on ‘secondary earners’ who sought to move from caring duties into paid employment. Despite considerable critical analysis that has highlighted EMTRs as a strong disincentive to mothers wanting to increase their participation in the labour market, EMTRs have remained as high as 61.5 per cent (see Apps 2004 for a full discussion of the impact of EMTRs). Over time the expansion of Family Tax Benefit has seen high EMTRs extend their way up the income spectrum (AMP.NATSEM 2006).

The most contentious and clearly ideological element of the family tax system is FTB Part B, which is only available to single income families – *regardless of how high the single income is*. In contrast, when a heterosexual couple chooses to share the responsibility for paid work more equally, the amount of FTB Part B paid to the

secondary earner is decreased, leading to an overall reduction in the total amount of FTB paid to the family. This payment structure makes it 'financially irrational' for many women to increase their participation in the labour market. As feminist economist Elizabeth Hill (2006) has argued, 'The "choice" for women to return to or increase their paid work is therefore highly circumscribed by a system of financial incentives that rewards married women with children who do less paid work rather than more.'

State-focused ideologies

At the other end of the ideological spectrum, that is, to 'the Left', lie the state-focused ideologies of socialism and social democracy. Unlike liberalism, with its emphasis on individual freedom and limited state intervention, state-focused ideologies emphasise the central role of the state in ameliorating injustices and inequalities. Socialism posits a radically different sort of state from the liberal democratic state based on a capitalist economy; a state controlled by the people rather than by elites. Social democrats take a more moderate view, accepting the legitimacy of the liberal democratic state, but advocating a more interventionist role for the state in managing the inequalities that are an inevitable feature of capitalist societies.

Socialism emerged in the early nineteenth century, with a focus on class inequality, the capitalist mode of production and the revolutionary transformation of the state. The socialist critique of capitalism, articulated by Karl Marx in the seminal texts *Capital* (1867) and, with Friedrich Engels, the *Communist Manifesto* (1848), posited that the mode of production, especially who owns or controls the means of production, has the greatest influence on the way in which power and resources are distributed throughout society. Historically, the means of production have been owned by a small, property-owning elite (the bourgeoisie), who have exploited the working masses (the proletariat), who have in turn been forced to sell their labour while retaining little or no control over the way in which society's resources and benefits are distributed (Emy & Hughes 1991: 507). Marx argued that capitalism was fundamentally unjust and unfair, based as it is on the exploitation of human labour of many for the profit of a few. However, he also believed that the social conflict produced by this exploitation provided the motivation for historical development (known as the materialist

conception of history) that would inevitably culminate in a revolutionary uprising by the proletariat and the overthrow of capitalist society. The revolution would eliminate class and private property, and replace it with a social and economic system controlled by the people (Maddox 2005: 351–2). As a set of values to be contrasted with classical liberalism, the socialist alternative promoted equality over liberty, cooperation over competition and the collective over the private (Fenna 2004: 54).

Many interpreted the collapse of the Soviet Union in the late 1980s as confirmation that Marx's view on the inevitability of socialist revolution was fallacy. Nevertheless, his diagnosis of the problems and inequalities caused by capitalism continued to be influential. Long prior to the collapse of the Soviet Union, however, social democrats had accepted many elements of the Marxist diagnosis of the ills of capitalism while rejecting his revolutionary prescription as the cure. Social democracy emerged from the socialist movement, but social democrats argued that capitalism could be reformed (rather than overthrown) democratically, through gradual, systemic change that emphasised state regulation and the redress of inequality. Democratic states should steadily expand the role that they play in the economy by regulating the market and redistributing wealth (Fenna 2004: 55–6). Rather than advocating either a purely market-based economy or a purely centralised economy, social democrats advocated the mixed economy: a system underpinned by private enterprise complemented by public enterprise in the form of social services, public health, education and child care, and the redistribution of wealth through the tax-transfer/welfare system (Stretton and Orchard 1994). Sweden is often held up as the exemplar of the social democratic state with its mix of high taxes and extensive social supports, but Australia too has a tradition of social democratic endeavour. The Australian Labor Party (ALP) still considers itself to be a social democratic party, although the ALP's commitment to this perspective is widely perceived as having been weakened by the triumph of economic rationalism described above, and Australia's welfare state has been in decline since this period.

One key thinker oriented towards state-focused ideologies and the development of the welfare state is John Maynard Keynes. Influential enough to have had a whole strand of economic thought – Keynesian economics – named after him, Keynes is considered one of the fathers of macroeconomics. In his seminal work, *The General Theory of Employment, Interest and Money* (1936), Keynes advocated strongly interventionist government policy in order to stimulate demand in

times of unemployment, for example by spending on public works, and his radical ideas had a major impact on modern economic and political thought. In response to these new ideas governments began to increase taxation and introduce a range of social programs aimed at ameliorating the inequalities produced by the market – the birth of the welfare state. Paul Smyth has argued that the emergence of the Keynesian welfare state in the 1940s ‘fundamentally recast’ the relationships between the state, the market and civil society in Australia (Smyth 1998: 85). The significance of Keynes’ argument is in the transformation it offers to our understanding of welfare and redistribution, namely that a state that intervenes to ensure an equitable redistribution of wealth creates benefits for everyone; wealth is created and welfare is improved universally. One simple example of this might be in thinking about the provision of public health and public education – a recognition that a healthy and educated population is more likely to be economically productive.

The values of the Keynesian welfare state sat uneasily with the values of capitalism. As Adam Jamrozik has argued, capitalism ‘allowed’ certain welfare state measures, such as public health, education and housing, in order to ensure a healthy labour force, but more substantial interventions, particularly those concerned with the redistribution of incomes, were unwelcome because they were seen as a possible threat to ‘capitalist interests and the ideological hegemony of the “free” market’. Over time, Jamrozik concludes, ‘the forces of capitalism have won the conflict’ and the ideology of the welfare state has fallen out of favour. What remains, although still labelled the ‘welfare state’, is more of a safety net to catch the ‘human residue’ of the market economy (2001: 5). When the long economic boom that had underpinned the Keynesian ‘golden age’ also came to an end the result was a so-called ‘crisis of the state’ and an attack on the ‘big government’ that had grown to support the welfare state.

Critical perspectives and contemporary debates

New Public Management

Underpinned by the resurgence of neoliberalism described above, critics of the welfare state urged a radical rethink of the role, size

and functions of government. As discussed in the previous chapter, one major contribution to this rethinking of the role of the state was articulated by David Osborne and Ted Gaebler in their influential book *Reinventing government* (1993). Osborne and Gaebler's 'entrepreneurial government' approach to the role of the state was eventually dubbed 'New Public Management' (NPM) by Christopher Hood (1991). The NPM label is still used today, although Owen Hughes wonders at what point the 'new' should be dropped from the label (2003: 4). New Public Management was proposed as a kind of 'antithesis' to the centralised state, emphasising efficiency, markets, competitions, devolution, privatisation, contracting out and so on (Christensen 2006: 448). Critics have interpreted this trend as a 'rolling back' or a 'hollowing out' (Rhodes 1994) of the state. Such criticism reflects a perception that privatisation and contracting have exacerbated the decline of state coordinating capacity, fuelling concern that the state is 'losing control not only over the direction and coherence of policy within the political system, but also over its own constituent parts' (Di Francesco 2000). Some go as far as to suggest NPM represents the triumph of a globalising neoliberalism that has utterly changed the role of the state in the latter part of the 20th century (Peck & Tickell 2002). This change is characterised as:

a shift from a dynamic and expanding, redistributive welfare state to a shrinking, 'hollowed-out' state, 'rolling back' from direct intervention, surrendering the field to the agents of the market and civil society (Doherty et al. 2004: 5).

As to whether the NPM reforms have produced 'smarter policy', as advocates of its supposed effectiveness and efficiency gains have argued, the evidence is inconclusive. There may indeed be increases in effectiveness and efficiency when governments eliminate duplication but these gains may be overshadowed by increasing layers of leadership and coordinating roles that produce more complex decision-making structures. Some countries where NPM was dominant for 15 to 20 years, such as New Zealand, have since headed in a different direction led by a revival in state intervention (Christensen 2006: 462–3).

The feminist critique

A far more sweeping critique of the role of the state has been developed by feminist theorists over several decades. Feminists have argued that

the state is patriarchal in that it continues to provide a hierarchy of social relations and institutions that reward men over women or allow men to dominate women. Patriarchal power is accepted as natural and is structured into major social institutions such as the law, the labour market and family relations. Patriarchal views, for example, have seen that work is only understood as paid work, and that the unpaid caring work such as housework and child care – that historically has mostly fallen to women – is not seen as work in the same way. Instead these tasks are considered to be the natural inclination of women and therefore as intrinsically rewarding in and of themselves.

Fundamental to the feminist critique of the state has been an analysis of the artificial nature of the division between the public and private spheres (Pateman 1987 *inter alia*). The industrial revolution and the emergence of the market economy brought with it the separation of the public and private spheres. Home life and economic life were no longer meshed, work moved out of the home, and economic activity and political power were also separated. Over time this separation between public and private came to be seen as natural. Women were thought to belong only in the private sphere, outside of the concern of laws and public policy, and irrelevant to the concerns of political theorists, activists and politicians. Criticisms of this division led feminists to claim that ‘the personal is political’, a challenge to the traditional view that the family and private life were outside the realm of politics.

Instead, feminists argued that the private sphere is a site of power relations and gendered inequality and emphasised the way in which personal circumstances are structured by public factors. Feminists pointed to the many ways in which women’s lives are controlled and regulated through public policies to do with child care, welfare, labour and working conditions, and laws and public attitudes regarding rape, domestic violence and sexual harassment. As feminist theorist Carol Pateman has argued, “‘Personal’ problems can thus be solved only through political means and political action’ (1987: 117). Domestic violence, for example, is quite rightly no longer seen as a ‘private’ matter between husband and wife, but as a criminal act that should be dealt with in a court of law.

Over time, the challenge to the boundary between the public and the private has also begun to break down beliefs about women’s proper place in society. Women are no longer confined to the public sphere, but can and do participate in all areas of public life.

The environmental critique

The growing challenge of climate change raises further questions about the role of the state versus the role of the market. While some policy demands may well be accommodated in the dominant economic paradigm, it seems that environmental demands cannot. Environmental demands run counter to industrial imperatives and developer interests, producing a clash of economic and ecological values (see Eckersley 1995; Dryzek 1983, 1987). To truly embrace some of the demands that a healthier planet requires, such as reducing emissions and pollution, shifting reliance from fossil fuels to sustainable energy, stopping land clearing and reducing salinity, would be to embrace a less material way of life. For the Australian market this would mean reducing export dependency on uranium, woodchips and coal; a significant change in values that does not seem to be anywhere on our immediate horizon. Indeed the shifting emphasis to competitiveness and efficiency, and the shift to smaller government, has in fact reduced the state's capacity to manage the environment sustainably.

The tragedy of the commons

The tragedy of the commons refers to the inevitable destruction that will be wrought to freely available resources (such as water, trees, fish and so on) through over-exploitation. Because individuals and groups benefit from this they are motivated to maximise use of the resource, eventually becoming reliant on it, which in turn causes demand for the resource to increase until the resource is exhausted. An Australian example of this phenomenon is the crisis facing the Murray-Darling, seemingly doomed to environmental destruction after decades of over-exploitation of its water for irrigation purposes.

Sustainable development requires that both business activities and public policies take account of the interrelated environmental, economic and social impacts that they generate – what is known as the triple bottom line. In contrast, however neoliberal approaches to environmental policy still depict the environment as an abstract concept and portray environmental activists as a threat to market-based interests and economic rationality. However, even in the neoliberal camp there are emerging complexities. Free market environmentalism argues that market processes can be compatible with good resource management and environmental

quality, and that efficiency can dictate good environmental decisions. This is a significant shift from the notion of environmental quality or degradation as externalities to the production process. Questions remain, however, about whether this approach represents a true commitment to sustainability or is in fact concerned with ‘greening’ the policy margins in a political context where short-term economic benefit still outweighs long-term environmental health as a priority.

Crowley (2004) argues that sustainability actually requires a resolution of the fundamental problem for the environment of the market economy with its failure to include the value, quantity and quality of ecological capital into the production equation. If Australia had achieved sustainable development we would not still be relying on natural resources for generating economic growth, we would not have a water crisis and we would have more rather than ever lessening quantities of native forest and vegetation cover. Walker (1999) describes this form of policy paralysis as ‘statist developmentalism’; an acknowledgement that the state is caught between dual obligations of protecting the environment on the one hand and developing it on the other.

Case study: Climate change: State or market responsibility? Building McMansions in the suburbs

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The way in which buildings are designed and built has a big impact on how much energy they use. If we are to reduce our greenhouse impact, then smaller houses, designed for efficiency, must be the way of the future. Yet in recent times we have seen the opposite trend. The average new house built in Australia has been getting larger, and 2008 figures released by the federal government predict that the average floor area for houses will increase by 145 per cent by 2020. Houses are not only getting larger, they are more energy hungry than ever before. Average household energy use is soaring, with Australian households expected to use an extra 50 per cent by 2020. The sheer size and design of the house is a major contributor to this. A larger floor area increases the amount of energy needed for heating, cooling and lighting, as do poor thermal design, inappropriate solar orientation or non-existent insulation. The poor thermal design of many new houses means they are reliant on energy-hungry air-conditioning for their heating and cooling.

Clearly, left to its own devices, 'the market' for new houses has not been developing in the direction of sustainability. In recognition of the unsustainable direction that the housing market has been moving in, state and federal governments have developed a number of strategies. Consumer education is one, and there are now numerous government-funded publications, websites and labelling schemes that encourage people to select more environmentally friendly designs and features. These are accompanied by industry education strategies, training and certification schemes and optional rating tools, which attempt to convince the building industry to adopt more sustainable practices on a voluntary basis.

However, in recent years, it became clear that voluntary change would not go far enough, soon enough, and governments have gradually been increasing the levels of environmental regulation in the Australian building industry. The Building Sustainability Index, or 'BASIX', is an example:

Introduced by the NSW Government in 2004, BASIX sets energy and water use targets that house and unit designs must meet in order to gain development approval. The scheme now applies to both new homes and renovations. Data relating to the proposed design – such as location, size and building materials – is analysed and the building given a score against the energy and water targets. The design must meet specific targets (which vary according to location and building type) before it qualifies for a BASIX Certificate. The Certificate lists all the conditions that must be met, and must be attached to the development application before it can be processed. Compliance with the Certificate must also be checked by the Certifying Authority at various stages of construction.

The introduction of regulatory schemes like this, by which the state mandates minimum standards of environmental performance, is likely to be expanded in the near future, not just within the housing industry, but in many other policy areas. There is a growing recognition that 'business as usual', or 'production and consumption as usual', is no longer possible if we are to achieve a sustainable future. Combined with the realisation that the window of opportunity in which we can act to prevent dangerous climate change is rapidly closing, this will provide an ever stronger case for state intervention in the form of environmental regulation of the market in numerous areas.

Conclusion

This chapter has taken a wide-ranging look at a variety of ideological perspectives on the role of the state in people's lives. The perspectives

touched on very briefly here prompt us to ask when should government intervene? What form should government intervention take? When should the market be left to function on its own? Where do individuals fit? Families? Women? Men? How do we protect the environment for future generations while extracting the resources we need today?

There is no right answer to any of these questions, although we each have our own perspectives, which we are prepared to defend with vigour and passion. Some of us will be more driven by ideology than others, who might take a more pragmatic view of the work of governments and the role of the state. What is undeniable is that the dominant ideologies of the day will continually be subject to test and challenge by rival beliefs. This, as Frank Stilwell reminds us, is ‘an important impetus for change in economic and social organisation’ (2002: 38). The contest of ideas will never end and will always inform the sort of work that you do, where you do it and the likelihood of its success. As future policy practitioners it is important to understand your own position on the ideological spectrum and how this informs your view of policy work.

Questions for discussion

1. Can any particular ideology be said to be dominant in Australia today?
2. What areas of public policy do you think cause the most heated ideological debates?
3. If Australia is now in a ‘post-welfare state’ era, how should governments respond to poverty and inequality in a neoliberal climate?
4. What evidence is there for the hollowing-out thesis?
5. Private, for-profit child care has received considerable media attention. Do you know of any other areas where the market has moved into an area of public service provision? What issues does this raise?

Further reading

- Eagleton, T. (2007), *Ideology: An introduction* (new edition), Verso, London.
- Self, P. (2000), *Rolling back the market: Economic dogma and political choice*, Macmillan, Basingstoke.
- Skocpol, T., Evans, P. and Rueschemeyer, D. (eds) (1985), *Bringing the state back in*, Cambridge University Press, New York.

3

STATE OR MARKET II: THE ECONOMICS OF PUBLIC POLICY

‘The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist.’

John Maynard Keynes (1936: 383)

Governments choose to intervene heavily in some markets and lightly in others. The sale of heroin is forbidden in Australia while the sale of alcohol is heavily regulated. Advertising tobacco in Australia is illegal but advertising junk food to children is allowed. While the choices available to policy makers are often framed in terms of a preference for ‘free markets’ or ‘regulation’, the reality is much more subtle, and more interesting.

This chapter considers the role of economics in influencing the choice between state provision of services, market provision based on a belief in Adam Smith’s (1776) ‘invisible hand’, and the myriad of regulatory structures that can exist in between. The chapter begins with an overview of some major economic concepts that are useful for most policy workers, and considers the economic arguments regarding when markets are likely to be more or less effective in solving policy problems. To conclude, the role of economic language in framing, and influencing, policy debates is discussed.

What is economics?

Economics is concerned with the **efficient** allocation of resources (see Samuelson 1951; Katz & Rosen 1994; McTaggart *et al.* 2007), while politics is concerned with the **expedient** allocation of resources. The challenge for those concerned with the design of real world policy is to balance those two objectives or, more ambitiously, to bring those two objectives into alignment. New policy proposals that ignore politics are unlikely ever to be implemented, while popular ideas with no sound economic foundations are unlikely to last. As Gough Whitlam (2001) once said in relation to the role of compromise in political life: 'Only the impotent are pure'.

There are numerous instances of policy ideas that meet the popularity test but, for one reason or another, have failed the efficiency test. For example, in recent years advocates for increased expenditure on health programs have commissioned economic analyses to show the financial benefits associated with preventative medicine or to quantify the social benefits associated with increased longevity or reduced pain for the afflicted. It is now commonplace in Australia to read about the financial costs of smoking, obesity or diabetes (see for example Econtech 2007; Access Economics 2006). The explicit purpose of commissioning such studies is to provide an economic case for a previously unsuccessful policy proposal.

There are far fewer instances of the more ambitious approach of attempting to change public opinion in order to bring it into alignment with the conclusions of an economic analysis. Good examples of such an approach are the Hawke Government's introduction of financial market deregulation and the Howard Government's introduction of the GST. In both cases, the authority of the Prime Minister, and his entire government, was used to persuade the Australian public that particular economic policy changes were so necessary that the population would have to look past the short-term costs and inconveniences and focus instead on the long-term benefits. It is important to note that such an ambitious approach to reform is both rare and selective. The same arguments about cost and inconvenience can just as easily be used to justify inaction, as has been the case in relation to the policy debates around climate change.

Economics for beginners

Economics defines itself as the study of the efficient allocation of scarce resources. Because resources are scarce, hard decisions need

to be made. The three decisions that economists generally focus on are:

1. What to produce.
2. How to produce it.
3. How to allocate production between people.

While the definitions of ‘efficient’, ‘scarce’ and ‘resources’ are often at the heart of many arguments between economists, and between economists and non-economists, one of the few things that unites most economists is their agreement about the meaning and importance of ‘allocation’. As discussed above, the reason that politics and economics are so closely related is that they are both concerned with ‘who gets what?’. (For a more detailed introduction to these concepts see McTaggart *et al.* 2007.)

Economics is a large discipline, with specialist interests ranging from how companies make decisions about the price of their products to the impact of higher interest rates on the growth rate of the world economy. One of the main distinctions within the economics discipline is between concern with the behaviour of individual consumers or individual companies (microeconomics) and the behaviour of countries as a whole (macroeconomics). The focus here is on the tools of microeconomics, as they are the most useful tools for those interested in the development of specific policy proposals.

Competing schools of thought within economics

Not all economists agree with each other. Indeed, some may suggest that no two economists agree with each other. While such diversity is not unique to the economics profession, the existence of a broad range of views within the economics discipline provides particular challenges, and opportunities, for those interested in using economists to help shape the policy development process. (For an overview of these differences see New School 2008.) For a policy maker interested in consulting an economist to help solve a problem there is little doubt that the selection of the economist will have a significant bearing on the advice that will be received. (For a specific example of how a small group of economists influenced economic policy in the late 1980s and early 1990s see Pusey 1991.)

The dominant school of economic thought in Australia, and in the developed world, is commonly referred to as neoclassical economics. Neoclassical economics tends to emphasise the importance of providing

people with incentives and the advantages of market provision (rather than government provision) of goods and services. Both individuals and organisations are assumed to behave ‘rationally’, and the need for government regulation to protect consumers and small businesses is usually seen as subservient to the benefits that flow from the creation of ‘free markets’.

In Australia the term ‘economic rationalist’ is often used to describe some economists and politicians (Pusey 1991). Economic rationalists are usually considered to be a subset of neoclassical economists who are particularly enthusiastic about the benefits of deregulation and particularly concerned about the perceived inefficiencies of governments. The use of the term ‘economic rationalist’ is largely confined to Australia, and in recent years it has been largely replaced by the more widely used international term ‘neoliberalism’.

Other economists might variously describe themselves as Keynesian, Post-Keynesian, Institutionalist, Marxist, Austrian or Feminist (New School 2008), expressing economic points of view that are closely aligned with the ideological positions discussed in the previous chapter. Even within neoclassical economics there exists a broad range of views on issues as straightforward as whether or not tax cuts for high income earners increase employment or not. For policy makers the important issue is not to understand the underlying debates between these groups, but that these groups exist.

The central concepts of economics

1 Opportunity cost

Economics is primarily concerned with the efficient allocation of resources, and the most fundamental notion on which all analysis of allocation is built is the concept of **opportunity cost**.

Opportunity costs and the Production Possibility Frontier

Opportunity cost is the fundamental principle on which economics is built. It simply refers to the fact that whenever resources are used up to achieve one goal, the opportunity to pursue other goals with those same resources has been lost. For example, the time spent reading this book is time that cannot be spent reading a magazine.

Opportunity costs reflect the existence of scarcity. That is, if all resources were infinitely abundant, then there would be no need to ration them between competing purposes. However, the reality is that time, land, money, raw materials and the environment's capacity to absorb pollution are all finite. This means that hard decisions need to be made, both by individuals and by society as a whole, about what we would rather do with our scarce resources.

One way of representing opportunity cost is to construct a Production Possibility Frontier (PPF). The PPF is a highly simplified analytical device that shows the options (or trade-offs) that a society is confronted with. Figure 3.1 shows that if a country wants to put all of its resources into building roads it can build 1000 km of new road each year, or if it wants to put all of its resources into building subways it can build 400 km of new track each year. The diagram also shows that society can produce any combination of road and rail on the PPF, but it cannot produce any combinations outside the PPF. This outcome reflects the fact that society's scarce resources are not being used efficiently.

The main point to be gained from analysing the PPF is that every time a government announces its intention to build a new road it has just reduced the opportunities to build new railways.

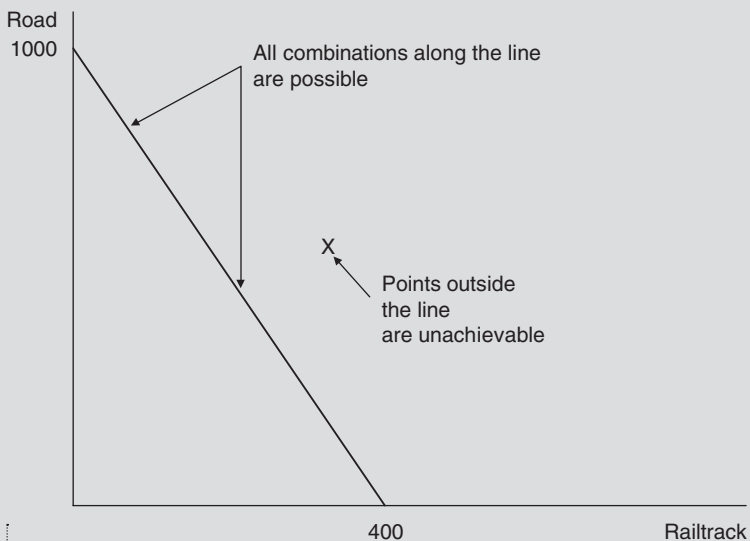


FIGURE 3.1 The Production Possibility Frontier

The opportunity cost of something is what you give up in order to have it. When time is spent attending a lecture it cannot be spent being paid to be at work; when steel is used to make a car it cannot be used to make a train; and when scientists spend time researching cures for wrinkles, that time cannot be used to find a cure for cancer. As US President Dwight Eisenhower once said:

Every gun that is made, every warship that is launched, every rocket that is fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed. This world in arms is not spending money alone. It is spending the sinew of its labourers, the genius of its scientists, the hopes of its children (1947).

The concept of opportunity cost forces decision makers, whether they be individuals or national governments, to reflect on the relative desirability of alternatives. No matter what choices are made there will be disappointments, but good decision making can result in choices that maximise ‘wellbeing’ and, in turn, minimise shortages and disappointment.

The concept of opportunity cost helps to make decisions about how many of which different types of resources are used to produce goods and services. For example, roads built in Australia use more machinery and less labour than roads built in China because the relative costs of machinery and labour are different in each country.

While in modern economies most costs are expressed in terms of dollars, it is important to understand that for economists, the opportunity cost of a resource does not disappear simply because a resource is being given away, rather than sold or traded. When scarce resources like fish, water and old growth forests are being given away this is referred to as ‘market failure’, and often the only solution is government regulation. This is discussed in greater detail below.

2 Marginal analysis

The margin of a page is its outer edge. Economists often look at the impact of decisions ‘at the margin’ rather than at the overall impact to date. For example, economists will often take an interest in the ‘marginal cost’ of an activity, that is, the cost of making one more car or the benefit of putting one more teacher in a school, rather than focusing on the average cost of all the cars built this year or the average cost of educating all the students at a school.

The reason for this interest in ‘marginal costs’ and ‘marginal benefits’ is directly related to opportunity cost. Put simply, the way to maximise the benefits that consumers receive from the goods and services that are produced and minimise the amount of resources required to produce those goods and services, is to focus on the marginal cost of production and the marginal benefits of consumption.

Consider the following situation:

You have been driving for a few hours and are an hour away from a home-cooked dinner. Your car needs petrol and you need a drink and a snack to tide you over. You decide to buy a small bottle of soft drink and a small chocolate bar. As you go to pay for your purchases the man behind the counter asks whether you would like to ‘upsized’ your drink and your chocolate, gaining an additional \$3 of ‘value’ for only \$1 extra. Do you accept?

If you consider the average cost of soft drink and chocolate per kilo then the ‘upsized’ deal is a bargain. However, if you look at the marginal costs and the marginal benefits of the transaction the answer is less clear cut. Using marginal analysis the question becomes, ‘Will I feel \$1 better if I drink more soft drink and eat more chocolate?’ If you had decided to buy a small drink and a small chocolate bar because you were short of money then the upsize option may well be a bargain. But if you had decided to buy small serves because you would be home for dinner soon then you may wind up spending more money than you planned to buy more food than you needed in pursuit of a ‘bargain’.

Policy makers need to rely on marginal analysis when making some hard decisions. For example, data on schools funding might make it clear that in the past millions of dollars have been wasted on inappropriate buildings and infrastructure at one school while a neighbouring school has received nothing. Where then should the money be spent this year? Economists would argue that the important issue to consider is not past decisions, but the marginal (that is, additional) benefits that will flow to society from additional expenditure. While it might seem ‘unfair’, it may well be that the additional benefits of spending even more money on the school that has been well funded in the past will be greater than the benefits that would flow from spending that same amount of money at another school.

Similarly, the director of a hospital may be in the fortunate position of receiving a \$1 million donation, but then must make the hard decision as to whether to spend the money on more nurses, more doctors or better facilities. Economists argue that the decision should be based on the additional benefits that would flow from investing the money in each of these services (this is what economists call a ‘cost-benefit analysis’, explained in the box below). Politicians (and hospital directors) may conclude that the best answer is to spend \$333 000 on each of the three ‘priority’ areas.

The purpose of this section is to provide an overview of the argument that underpins this faith in the usefulness of marginal analysis; a more formal exposition of the benefits of marginal analysis can be found in textbooks such as McTaggart *et al.* (2007).

Cost-benefit analysis

Cost-benefit analysis refers to the process of formally comparing the costs and benefits of a particular activity in order to inform the decision-making process. While at the extremes this could mean the simple listing of the likely pros and cons of a policy initiative or undertaking a comprehensive macroeconomic modelling exercise, in most instances cost-benefit is more likely to take the form of broad estimates of the likely financial costs and the likely financial (and other) benefits of a particular course of action.

The objective of a cost-benefit analysis is to explicitly consider the opportunity costs associated with a particular policy initiative, but in order to do so it is important that the cost-benefit analysis include a number of features that are often poorly understood or neglected entirely.

First, it is important to realise that just because the benefits of an activity exceed the costs it is not necessarily a good idea to proceed. That is, if there are scarce funds available the important issue is that the benefits associated with spending money on one project are *greater* than the benefits of spending money on another project. Spending \$1 million on upgrading government websites may save \$1.2 million in website maintenance, but such a project should not proceed if that \$1 million could be spent on employing extra staff who could deliver \$2 million worth of additional services.

Second, cost-benefit analysis should focus on the marginal costs and the marginal benefits of a policy. That is, if the government plans to spend \$30 billion on tax cuts to encourage greater workforce participation the significant question is

how much additional participation results from spending the 30th billion, and what would be the potential benefits of spending that last billion on health or education?

The third issue that constrains the potential usefulness of cost-benefit analysis is the propensity for those conducting such analyses to focus on the easy-to-measure financial costs and benefits and shy away from the harder-to-measure social and environmental costs associated with policy change. It is important to note that, from an economic perspective, these social and environmental 'externalities' are just as critical to efficient decision making as the easy-to-measure financial costs. In practice, however, there is little doubt that measured financial costs play a much greater role in government decision making than the more diffuse social and environmental consequences.

3 Supply, demand and equilibrium

The 'laws of supply and demand' are more widely discussed than they are understood. For economists, supply and demand have very particular meanings. The 'supply' of a good or service refers specifically to the quantity of that product that will be offered to the market for sale at any given price. For example, if the price of a mango is \$2.50 there will be a given number of farmers who are willing and able to supply mangoes to the market. However, if the price of mangoes rises to \$5 each, more farmers will be willing and able to profitably supply mangoes to the market. The relationship between opportunity cost and supply should be apparent. The reason that a higher price of mangoes leads to an increase in supply is that the higher price induces people to spend less time performing other activities (such as farming bananas or enjoying leisure time) and more time growing mangoes.

Long run and short run supply

A supply curve is simply a graphical representation of the relationship between the price of a product and the amount of that product that a producer is willing and able to supply at that price. In order to be willing and able to supply a product to the market producers must receive a price that is greater than the cost of production. The supply curve therefore reflects the cost of production.

When discussing the supply of a good or service it is important, however, to consider the difference between the short-term supply and the long-term

supply. In the 'short term' firms are constrained by the size of their factory and the number of machines, which means that even if the price goes up very high it can be hard for firms to produce a lot more. In the 'long term', firms can expand their factories and/or new firms can enter the market. The result of such an expansion in capacity will be both to increase output and to reduce prices. Economists define 'the long run' as the amount of time it takes to build or expand factories, premises and machinery, all of which are known as 'fixed costs'. In some industries, such as electricity generation, the 'long run' might be 10 years, while in the café and restaurant industry, the long run might be three months.

Figure 3.2 shows both a short run and a long run supply curve. The short run curve is much steeper, which indicates that even if the price rises significantly, firms will not be able to increase output by very much. However, the long run supply curve is flatter, indicating that if prices go up, new factories and premises can be built at relatively low cost.

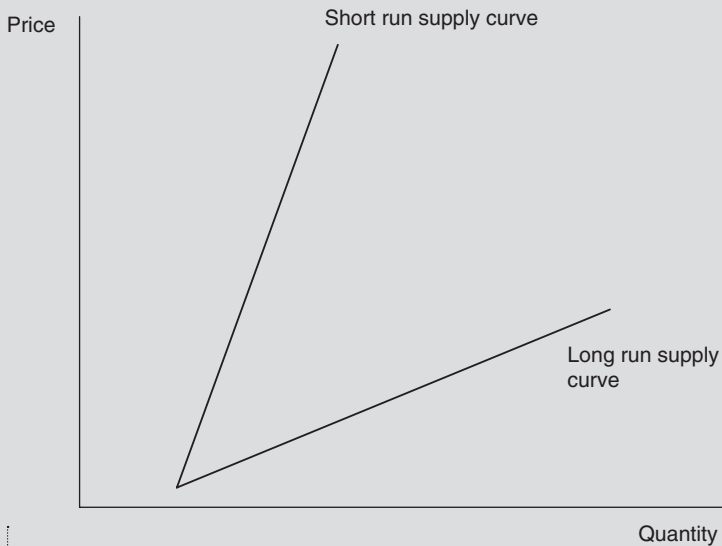


FIGURE 3.2 A supply curve

The 'law of supply' is in reality more of a rule of thumb than a law. In effect it suggests that the supply of a product will increase as the price that people are willing to pay increases. This positive relationship reflects the fact that the marginal cost of production tends to increase as production increases, so to induce a producer to keep increasing their

output a higher and higher price must be paid. For example, prawn fishermen usually start fishing in the best fishing grounds that are closest to their port. If they want to catch more prawns they will have to spend more time and fuel travelling to fishing grounds further afield where, presumably, the prawns are less numerous. The only way to induce the fishermen to spend more time and money catching prawns is to pay them a higher price per kilogram.

Understanding demand

Demand refers to the willingness and ability of an individual to pay for a product based on their income and their tastes and preferences. It is usually assumed that there is an inverse relationship between the price of a product and the amount that will be purchased, or in other words it is assumed that as the price of a product increases the demand for that product will decrease. This is sometimes known as the 'law of demand', although the term 'law' is in fact misleading, given that exceptions to this tendency exist, particularly when high price is associated with fashion or prestige.

Figure 3.3 shows an example of the more common situation, in which an increase in the price of petrol results in a reduction in the quantity demanded.

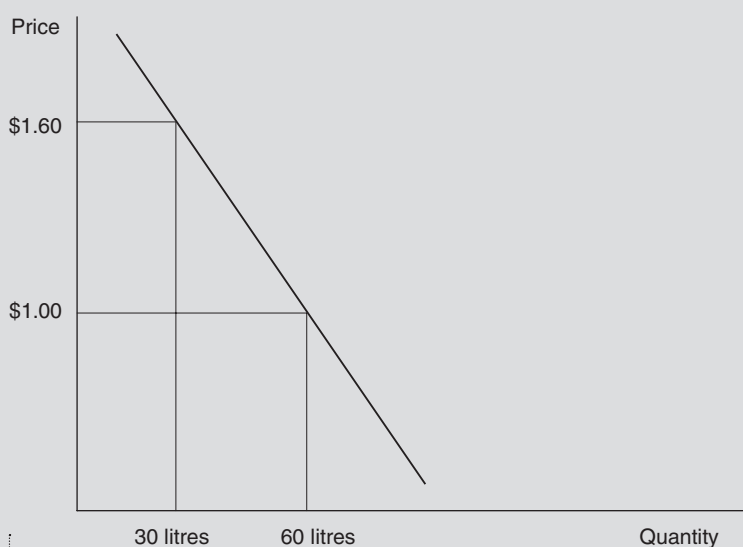


FIGURE 3.3 A demand curve

Once again, the concept of demand is based on the underlying concept of opportunity cost. The more money that is spent purchasing one product the less money is available to purchase other products. To continue with the example of prawns, if the price of prawns rises from \$15 per kilogram to \$30 per kilogram then you would expect to see a reduction in the amount of prawns that consumers will purchase.

Understanding the relationship between the price of a product and the amount that will be both supplied to the market and demanded by consumers helps economists to predict how policy changes might affect individuals, communities or industries. For example, if the government wished to encourage people to use public transport it might consider either increasing the price of petrol (to reduce demand for car travel and, hopefully, increase the use of public transport) or it could subsidise the price of public transport fares, in order to reduce the price, and increase demand, for public transport services.

Why markets work well

In the words of Adam Smith, who many consider to be the father of modern economics:

It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest (1776: Book 1, Chapter 2).

What Smith meant is that as long as butchers, brewers and bakers are seeking to make a profit they have an incentive to deliver high quality goods at low prices. If they fail to do so, then consumers will either substitute the bread of one baker for the bread of another, or substitute more bread for less meat.

It is essential for policy makers, however, to understand the particular circumstances under which the self-interest of suppliers results in benefits for consumers. While it is often asserted that 'free markets' deliver the most efficient outcomes, the underlying conditions required for a market to be considered 'free' are less widely discussed. In particular, the conditions that need to exist to ensure that market exchange will deliver efficient outcomes include:

- There are a large number of buyers for a product.
- There are a number of sellers for a product (that is, there are no monopolies).

- Everyone has free and complete access to information about all products (that is, there is no need for any advertising – this assumption is sometimes summarised as ‘perfect information’).
- The production or consumption of a product has no external, or spillover, costs that affect other citizens (for example, no products produce pollution or affect the health of others).
- There are no economies of scale (that is, mass production delivers no benefits).
- There is nothing preventing new competition from emerging (that is, there are no patents, copyrights, trade secrets, or regulatory restrictions that prevent new firms entering a market – this assumption is usually summarised by saying there are ‘no barriers to entry’).

When all these requirements are met a market is said to be ‘perfectly competitive’ and Smith’s conclusion that individual self-interest will deliver benefits for consumers will hold. However, unless *all* of the above conditions are met **market failure** is said to exist and economic theory suggests there may be a case for government intervention to improve efficiency and equity.

Adam Smith is also renowned for coining the phrase ‘the invisible hand’ to describe the way that markets allocate resources. What he meant by that was that market economies do not need an underlying plan or strategy in order to deliver food, clothing, shelter and entertainment. Suppliers do not need to meet to discuss their production intentions (in fact such discussions are not only discouraged, but are often illegal). The ‘natural’ dynamics of a market economy will ensure that goods and services are available and affordable without government intervention.

Rather than economy-wide planning and strategising, what instead happens is that individual suppliers have an incentive to deliver the kinds of products that consumers desire at the lowest possible prices. Suppliers who make good decisions will make profits, as consumers will be willing to pay the price asked for the goods they desire. Those profits, however, act as a signal to other suppliers to change their behaviour.

When new firms can quickly enter profitable markets, the result is both increased output and lower prices. These ‘market forces’, therefore, can quickly reshape the way that resources are allocated within the economy. Further, it is consumers who are the ultimate determinants of what is produced, how it is produced, and how much it will sell

for. This notion that consumers are the driving force behind market allocation is known as ‘consumer sovereignty’.

Why markets don't always work well

When there is lots of competition in a market, with large numbers of buyers and sellers, no barriers to stop new competitors entering, and no spillover costs or benefits, markets will do a good job of efficiently allocating scarce resources. However, many, if not most, markets do not fit this description.

Imagine that you live in a small town and there is only one grocery shop and the nearest competitor is 40 kilometres away in a larger town where there are a number of supermarkets and smaller food stores. Do you think that the price of groceries in the small town would be higher, lower, or the same as the price in the larger town?

Most people have an intuitive understanding of market failure, and much microeconomic theory helps to analyse such situations more precisely. When there is only one supplier of a product the market is defined as a ‘monopoly’. In the case of the small town grocery store the monopoly is a ‘geographic monopoly’ rather than an absolute monopoly, but given the time and cost of an 80 kilometre round trip, the grocery store will still have a lot of monopoly power. If we assume that the grocery store owners acts in their own self-interest, they will charge a premium for the groceries that they sell. The size of the premium they charge will be determined by their assessment of how much they can get away with before consumers decide to incur the costs of travelling to the other town.

In fact, there will be two different pressures on the small town grocer to keep prices down. In addition to the risk of consumers going elsewhere, if the grocer makes too large a profit, this might attract a new competitor to the small town. In perfect competition, the entry of new firms is the main mechanism for protecting customers from excessive prices, but because in most industries it is both expensive and risky to enter a new market, in reality the potential entry of new competitors is not sufficient to keep prices low.

With that in mind, imagine now that you are the owner of the grocery in the small town. You have been making a nice profit for many years but you have heard that a new grocery might be opening up soon. What would you do? While it might occur to you to lower your prices

a bit, it might also occur to you to lower your prices a lot. That is, while the new grocer is establishing themselves after spending a lot of time and money setting up a new business you might think to reduce your prices so far that you start to lose money. But why would a self-interested grocer want to lose money?

The strategy outlined above is known as ‘predatory pricing’ (see ACCC 2008a), and while it might seem irrational in the short term, in the long term it can make sense. The new grocer can only respond to the artificially low prices in two ways. First, they can charge a normal price for their groceries and risk not attracting any customers. Or second, they can match the low prices and hope that the original grocer abandons the predatory pricing strategy before they themselves become bankrupt.

The strategy of predatory pricing is well known, and while it is illegal in Australia, it is very hard to prove in a court that a company intended to bankrupt their competitors rather than simply to offer discounts to their customers. That said, it is widely known that new entrants to some industries will need ‘deep pockets’ if they are to establish themselves in a new market. The term ‘deep pockets’ refers explicitly to the need to have a large amount of money available to sustain long periods of losses while the existing market player continues their predatory pricing. (For a description of competition in the Australian airline industry see Kain and Webb 2003.)

Once again, there are multiple ways for this conflict to resolve itself. It is possible that either the new entrant or the original grocer will run out of money and exit the market, or it is possible that both grocers will abandon the artificially low prices and set the prices at the level expected in a competitive market. But a mutually beneficial possibility also exists. Rather than pushing each other to the brink of bankruptcy, or both operating in a competitive environment where neither of them makes a large profit, it is also possible for the two grocers to join together in a ‘cartel’, whereby they collude to set the same, highly profitable, prices (see ACCC 2008b).

While such collusion is illegal in Australia, like predatory pricing, it has been very difficult for the regulators to prove beyond reasonable doubt that collusion exists. Although there have been high profile cases of price fixing, such as the prosecution of Richard Pratt’s Visy Industries for price fixing in the cardboard box industry (see Gettler 2007), most of these convictions have been based on evidence provided by internal whistleblowers rather than detected by market observation alone.

Case study: The Visy scandal

On 21 December 2005, the Australian Competition and Consumer Commission (ACCC) instituted proceedings in the Federal Court against Visy Board Pty Ltd and other companies in the Visy group in relation to contraventions of section 45 of the *Trade Practices Act 1974* (Cth). Proceedings were also taken against Mr Richard Pratt, Chairman of the Visy Group; Mr Harry Debney, the Chief Executive Officer of the Visy Group; and Mr Rod Carroll, the former General Manager of Visy Board; for being knowingly concerned in or party to the contravening conduct by the Visy respondents.

Broadly, the ACCC alleged that between 2000 and late 2004 the respondents engaged in price-fixing and market-sharing arrangements with Visy's principal competitor, Amcor Ltd, in the supply of corrugated fibreboard packaging throughout Australia.

...

In November 2007, following a settlement agreement between the ACCC, the Visy Board and the individual respondents, the Federal Court awarded a record penalty of \$36 million against Visy industries for its involvement in cartel behaviour . . . The court also ordered separate penalties of \$1.5 million on Mr Debney, and \$500 000 on Mr Carroll. The penalties plus payment of the ACCC's legal costs amounted to well over \$40 million. Justice Heerey found the record penalties were reflective of the fact that the Visy scandal was 'by far, the most serious cartel case to come before the Court in the 30 plus years in which price fixing has been prohibited by statute'.

The ACCC Chairman, Mr Graeme Samuel, agreed, claiming the case was 'one of the most serious, blatant cartels that the ACCC has litigated'.

'It was a premeditated fraud on Australian consumers,' Samuel said. 'Cartels are based upon greed. Companies and executives line their pockets by defrauding the community . . . Anyone in the past who has bought a block of chocolate or a piece of fruit packed in a box made by Visy or Amcor has probably been ripped off.'

Adapted from ACCC (2007)

Understanding market failure

As discussed in the previous section, markets do not rely on the benevolence of suppliers to deliver benefits to consumers. Rather, markets are based on self-interest. However, a supplier's pursuit of self-interest will only deliver benefits to others under a strict set of

circumstances. When these circumstances are not met, then market failure is said to exist.

Market failure can take many forms. In addition to the problems of monopoly and collusion discussed above, market failure can arise when real world markets diverge from the ‘perfectly competitive’ textbook model in the following ways.

1 Externalities (or spillovers)

One of the main reasons that economists believe individual firms will make efficient decisions about how to produce things is that, because individual firms have to pay for the costs of production, they will try as hard as possible to reduce waste. While private companies might not be as determined to fight waste as economists usually assume (just look at the city skyline at night with empty CBD towers with the lights left on), the bigger problem is when firms use resources in their production process that they do not pay for fully. Farmers who do not pay for the opportunity cost of water, loggers who do not pay for the opportunity cost of timber and office workers who do not pay for stationery will all have a tendency to use more of those resources than would be the case if they had to pay the true marginal cost.

Consider the following example:

A farmer has a river running through her property. The government does not charge her for taking water from the river so she chooses to grow a crop that requires a large amount of water because the water is ‘free’. While her farm makes a small profit, downstream farmers can no longer grow more profitable crops because of the lack of water. Despite the fact that the water is ‘free’, its opportunity cost is the best alternative use to which the water could otherwise be put. While it makes sense for an individual farmer to ignore the opportunity costs and make decisions based on the (zero) price, it is not efficient for society as a whole.

Externalities arise because the rights of ownership (what economists call property rights) of some resources are poorly defined. The law is quite clear about who owns cars, who owns land and who owns the food in a shop and the law is also quite clear on the ways that such property can be transferred. However this is not the case for other scarce resources including water moving down a river, fish swimming in the ocean

or the use of the atmosphere to dispose of pollutants such as carbon dioxide. The destruction or waste of these resources is the ‘tragedy of the commons’, described in the previous chapter.

The economic solution to externalities is relatively straightforward: if a scarce resource has poorly or inequitably defined property rights then those property rights should be clarified in law. The politics of this solution, however, are far from straightforward. Fishermen who have freely taken fish from the ocean, farmers who have freely taken water from the rivers and electricity generators who have freely disposed of millions of tonnes of carbon dioxide are usually unenthusiastic about being asked to pay for these resources. While economics may have a view about property rights, the solution will always be political.

2 Public goods

Some things are valuable, but not scarce. The discovery that washing your hands before tending a wound or delivering a baby has literally saved millions of lives. But, unlike the use of a seat on a crowded bus, one person’s use of this knowledge does not diminish the capacity for anyone else to use it as well. When one person’s enjoyment of something, such as a doctor’s clean hands, does not diminish the capacity of others to enjoy a similar benefit the product is known as being ‘non-rivalrous in consumption’.

A public good is a good that is both ‘non-rivalrous’ and ‘non-excludable’, the latter term referring to the inability to prevent someone from benefiting from a product even if you tried. An example of non-excludability is a fireworks show; while an individual may pay for a fireworks display it is impossible to prevent those nearby from enjoying it for free.

Products that are both non-rivalrous and non-excludable are particularly problematic for markets as their lack of scarcity means that there is no real need to ration them and their lack of excludability means that even if you wanted to ration them, you would be unable to. The implications of this problem are quite serious for policy makers.

Imagine that you wanted to tackle the problem of rising childhood obesity. There are obviously multiple courses of action available, but the profits associated with some options will be significantly greater

than others. If you were to conduct research into the creation of a pill to prevent obesity then, were you successful, you would be able to patent that pill (creating a barrier to other firms copying you) and heavily market that pill at the price that maximised your profits.

If, however, you conducted research into the behavioural causes of childhood obesity you might find another course of action. You might, for example, find that the repetition of a few simple nutritional messages, combined with the removal of conflicting messages and the removal of easily accessible junk food from areas where children spend much of their time (such as schools) led to a significant reduction in childhood obesity. However, because your research findings are only valuable if they are widely known in the population then they will be both non-excludable and non-rivalrous. It will be virtually impossible to profit from such research.

In addition to some forms of research, public goods include the provision of immunisation against contagious disease, the provision of basic education and the provision of police and defence forces.

3 Natural monopoly

The advantage of multiple suppliers is that competition can force them to keep their prices low, but sometimes having more than one supplier actually leads to higher, rather than lower, costs.

Consider, for example, the provision of a railway line between Sydney and Melbourne. If there is only one railway company, they will be able to charge excessive prices. But if another company builds a railway line then twice as much steel, concrete, land and labour will be used in order to duplicate the rail infrastructure.

When it is cheaper to have just one supplier in order to avoid duplicating costs a market is defined as a 'natural monopoly'. In such circumstances it might be necessary to ensure that the monopoly is owned by the government, or it might be possible to separate the business in such a way that just the railway tracks are owned by the government and the use of those tracks is open to competition.

As will be discussed below, when a natural monopoly or other form of market failure exists there will always be a range of possible solutions available to policy makers. The challenge is not to find the 'right' answer, but the best answer given the relative weight that is attached to different policy objectives.

The role of assumptions in economic models

Economists build abstract ‘models’ of the economy to help them understand the major forces that are at play and, in turn, derive general principles or rules that can help them make predictions about what is likely to happen and give advice about what should be done. Economic models can be a powerful tool for helping researchers and policy makers describe, define and discuss complex interactions, but unless all the users of such models, including policy makers, understand the assumptions on which the model is built then it is possible for models to conceal more than they reveal.

The objective of this section is to provide an overview of some of the major assumptions on which most economic models are built and to describe some of the implications of relaxing those assumptions. Before discussing some of the individual assumptions that are built into economic models it is important to discuss the general structure of these models. Put simply, economic models deliberately ignore changes in a wide range of variables in order to highlight the implications of the variables that they have chosen to focus on.

Say you wanted to forecast the amount of beer that a pub will sell on a given night in order to roster on the appropriate number of staff. What factors would you consider? The best place to start might be to determine how much beer usually is sold at that pub on a given night. More complex analysis might include an understanding of how sales changed on different nights of the week, the impact of major sporting events, the impact of the time of year, even the impact of the weather. Economists would likely also include the price you were intending to charge.

There is obviously a wide range of factors that will impact on the amount of beer sold in a particular pub on a particular night, so an economist asked to analyse the problem would most likely decide to isolate one or two particular variables while assuming that the other variables remain constant. This partial approach to solving problems has the advantage of breaking complex problems down into more manageable questions, but it has the disadvantage of ensuring that the accuracy of the answer is highly dependent on the plausibility of assuming that only the selected variables changed.

When economists use this approach they usually qualify their findings by saying that the answer will be true ‘all other things being

equal' or, more opaquely, *ceteris paribus*, which is simply the same sentiment expressed in Latin.

Partial analysis is a powerful tool when used well, but it is important to understand how easily it can be used to conceal, rather than reveal, the major drivers of market behaviour. For example, if we assume, all other things being equal, that the relationship between the price of beer and the quantity of beer purchased is inverse (as was discussed above) then we would expect that if the pub significantly lowers the price of its beer it will sell more beer. However, you will often find that pubs both sell the most beer, and charge the most for it, on Friday and Saturday nights, while they sell very little beer through the week even though the price is lower.

The problem is not the stand-alone conclusion that, all other things being equal, if beer is cheaper people will buy more of it. The error lies in the decision to assume away most of the driving factors behind the demand for beer in order to facilitate the production of a neat relationship between price and quantity.

It is important to stress here that the limitations described above are not limitations of the approach to breaking complex problems up into simpler pieces *per se*; the problem is that when used badly, economic models can be used to 'show' that policy makers should be focused on particular dimensions of a problem when, in fact, other factors may be far more significant.

The catch-all assumption of 'all other things remaining equal' is important in understanding the limitations of economic modelling, but it is also important to understand the limitations, at a more fundamental level, of some of the main assumptions that economists use to support the conclusion that markets will, left to their own devices, generate efficient outcomes.

Recall the list of the assumptions required for a perfectly competitive market outlined above. Having constructed this 'perfect market' and then shown mathematically that the outcomes of such a market are as efficient as can be, economists then argue by analogy that markets in the real world are likely to be highly efficient as well.

This is not to say that most economists think most of the world looks like their model of 'perfect competition'. On the contrary, most economists would readily accept that the actual structure of most markets does not look much like the model of perfect competition. That said, however, most economists would still argue that because

the similarities are greater than the differences, the general principle is likely to hold. This faith in real world markets is, therefore, contestable. The most important thing for policy makers to be aware of is that the greater the divergence between the assumptions listed above and the market in question, the less likely it is that the conclusion that markets will deliver an efficient outcome will hold.

Conclusion: Economic analysis versus economic language

Economic analysis can help solve a wide range of problems, but economic language is a powerful tool in its own right (see McCloskey 1994). While all academic disciplines have their own technical vocabulary, economics is somewhat different in that not only has it applied technical definitions to commonplace words, such as ‘efficient’ and ‘rational’, but having redefined these words, they have then been inserted back into everyday usage. The result is that those who argue against neoclassical economists find themselves fighting an uphill rhetorical battle. Those who disagree with economists are, by definition, ‘irrational’ in their desire to support ‘inefficient’ policies that will ‘stifle the pursuit of growth’.

According to the economics textbooks, this should not be the case. Economics textbooks typically begin with a discussion of the difference between ‘positive statements’, that is statements about ‘what is’, and ‘normative statements’, which are statements about ‘what should be’ (see Lipsey & Chrystal 1995, McTaggart *et al.* 2007). Lipsey and Chrystal, for example, state:

A key contributor to the success of modern science is its ability to separate views on *what actually happens* from views on *what one would like to happen* (1995: 26, emphasis in original).

The objective of this section is not to assess whether or not economists are effective in their goal of separating ‘is’ from ‘ought’. Rather, the purpose is to highlight how economists can use language to simultaneously focus on what ‘is’ in their communication with other economists, while projecting what ‘ought’ to be in their communication with the public at large.

Consider, for example, the economists' multiple uses of the word 'rational'. A rational person is one who collects and analyses all available information before determining which course of action will maximise their personal wellbeing. While all economists understand the usefulness, and limitations, of this definition, it is unlikely that members of the broader public share this understanding. So when an economist says on radio that there is no need for the government to intervene to protect bank consumers just because some people are behaving 'irrationally', the economist is simultaneously making a defensible 'positive' statement about economic theory while making an indefensible 'normative' statement about the intelligence of some consumers and the economist's personal preference for a deregulated banking sector.

The problem is that the word 'irrational' means two quite different things to economists and to the public at large. Honest economists know this, and modify their language accordingly, but some economists and other policy makers use the 'scientific' language of economics to win democratic conversations about the kind of society people would like to live in.

To continue the example of banking regulation, many consumers find it very difficult to collect all the necessary information about the relative costs of different loan products, and many more find it even more difficult to compare those costs over the course of a 25-year mortgage. One way of solving this problem is to require all banks to provide information in a uniform, comparable manner, while another way to solve the problem is to re-educate all consumers to ensure that they have the analytical skills to compare loans that have a fixed fee upfront with loans that have no fees but higher interest rates.

If an economist says there is no reason to regulate the way that banks disclose the costs of their products because more 'red tape' will simply increase the costs paid by rational consumers, then they have just made two 'normative' statements concealed as one positive statement. That is, the economist has suggested that only 'irrational' people need help to do complex mathematical comparisons, and that regulation designed to help consumers is 'red tape'. However, because the economist has used the formal economic language of 'rational', if they are challenged for advocating their personal preferences they can simply retreat by saying that they assumed that the public were aware of the formal sense in which they were using the term 'irrational'.

Economists use many common words in uncommon ways. They have formal definitions for words such as ‘efficiency’, ‘productivity’ and ‘growth’ that allow them, if they choose, to describe particular choices as ‘inefficient’, ‘unproductive’ and ‘retrograde’. While such descriptions might hold true in the strict sense of the economists’ vocabulary, there is little doubt that such terms, when used in public debate, can be seen as demeaning or trivialising certain courses of action.

For example, an economist might argue that increasing taxes in order to increase payments to the lowest income earners in Australia will make the labour market less efficient, lower productivity growth and, in turn, reduce the rate of growth of the Australian economy. Another way of describing the impact of the same policy would be to say that some high income earners may choose to work less overtime; that while productivity will continue to grow it may do so at a slightly slower rate; and that over time while the economy as a whole will continue to grow, it may do so at a slightly slower rate. That said, it is up to individual Australians whether or not they think the benefits of helping the poorest Australians are worth wealthy Australians getting richer at a slightly slower rate.

Both of the above descriptions describe the same likely outcomes of a small increase in tax designed to fund an improvement in the living standards of the poor. The second description differs in two main ways. First, it does not seek to use the declarative formal language of economics to imply any particular significance to the outcomes under consideration, and second, it states quite explicitly that economists do not have any particular insight into the kind of society we ‘should’ live in.

Questions for discussion

1. What do you think is the main driver of a market economy?
2. Neoclassical economic theory suggests that government should only intervene in cases of ‘market failure’. What is your view?
3. Do you think that the black market for heroin should be tackled as a criminal enterprise or seen as the logical response of free people to government regulation?
4. How has the global credit crisis influenced your views about markets and regulation?

5. Are attempts to maximise the rate of economic growth the most effective way to increase community wellbeing?

Further reading

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McTaggart, D., Findlay, C. and Parkin, M. (2007), *Economics*, Pearson Education, Sydney.

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MODELS AND THEORY FOR UNDERSTANDING POLICY

Thus far in this book we have considered definitions of policy, the political context in which policy is made, and the ideological and economic forces that influence and constrain policy work. In this chapter we build on the discussion in the introduction that considered policy as **authorised choice** and policy as **structured interaction** to look at some theoretical approaches to understanding how policy is made. The most influential of these approaches is what is known as the **policy process model**. In the first half of this chapter we provide an outline of this model and address its uses and shortcomings for those engaging in policy work. In the second half of the chapter we outline some of the key theoretical tools that are needed in order to develop a richer understanding of the policy process.

Both the theory and the practice of policy work are central to the broad field of 'policy studies'. The various sub-fields of policy studies have together produced a vast ocean of theoretical and empirical literature. It is only possible for us to dip our toe into that ocean here, but in doing so we will provide an overview of the key theoretical concerns that have preoccupied the field.

Rationalism and incrementalism

A key area of policy theorising that will be considered in this chapter is the body of work that sees public policy decision making as either **rational** or **incremental** in style. The policy process model discussed below is an example of the rationalist approach to policy making. In

this view policy is seen as an idealised sequence of activities. As distinct from the *economic* rationalism that underpins public choice theory (discussed below), policy-making rationalism in this model is rational in that it prescribes procedures for decision making that, at least in theory, will lead to the choice of the most efficient possible means of achieving policy goals. One of the key proponents of this model, Herbert Simon, in his influential book *Administrative behaviour* (1957) outlined a three-step process for making rational policy decisions. First, a goal for solving problems is established and all alternative strategies for achieving that goal are explored and listed. Next, the significant consequences of each alternative strategy are predicted and the probability of those consequences occurring is estimated. Finally, there is a comparative evaluation of each of these sets of consequences in order to determine the most effective and efficient policy solution (Simon 1957: 66–7). In the rational view, decision makers are seen as neutral technicians who separate facts and values, and collect and analyse information in order to produce apolitical knowledge that will enable them to identify the best solution to a policy problem (Bovens *et al.* 2006: 325). It is due to this apparently neutral approach that it is also known as the scientific or ‘managerialist’ approach to policy making (see Elster 1991).

But of course perfect rationality is impossible, as even Simon himself recognised. At the very least there are limitations of information and time that constrain the sequence. However, there are also far more serious limitations on rationality in policy analysis. Simon argued that this form of decision making would only generate the best results if the costs and benefits of *all* possible alternatives were considered. However, as there is an almost limitless range of possible solutions to any problem, it is simply not cognitively possible for them all to be considered, suggesting that choices are made on ideological, professional, cultural or other grounds, if not randomly, without reference to their possible efficiency, thereby undermining the claim to rationality. The rational model is also criticised for its assumption that policy analysts know the consequences of each option in advance, which in reality is rarely the case. Another problem is that the same option may be efficient or inefficient depending on changing circumstances, making it impossible for analysts to arrive at unambiguous or long-lasting conclusions about what the best alternative is, as required by the rational model. According to critics of the rational model, the reality is more a case of ‘bounded rationality’, in which analysts work to satisfy whatever criteria they have

set for themselves in determining the best option (Simon 1957; Howlett & Ramesh 2003: 168–9).

In response to these criticisms of the rational model, Charles Lindblom and others developed the incremental model, which they thought more closely approximated the actual behaviour of real-life policy makers. In a well-known and influential article, ‘The science of muddling through’, Lindblom (1959) built on Simon’s notion of ‘bounded rationality’ to outline a theory of policy decision making as a fundamentally political and messy process where decisions are based on what is politically possible rather than what might be considered ideal. Analysis is limited to familiar alternatives that differ only marginally from the status quo. Goals and other values are intertwined with the empirical aspects of the problem with no requirement that values be specified first with means subsequently found to promote them. There is a greater analytical focus on the ills to be remedied than on the goals to be sought. Decisions are made through a sequence of trials, errors and revised trials and policy analysis explores some, but not all, of the possible consequences of an alternative. Finally, the analytical work is understood to be divided up among many participants who are all acknowledged as partisan and who attend to their own piece of the overall problem domain. Rather than operating in a strict sequence, as in the rationalist model, these points are considered to be a ‘mutually supporting set of simplifying strategems’ (Lindblom 1979: 517). Underlying this approach is an understanding that policy makers do not start with a blank slate but build from the current situation in small degrees, and thus the decisions made are incremental in that they are usually only marginally different changes from the status quo.

This model too is criticised, however, in large part because it is seen as insufficiently goal orientated. Critics argue that without goals it is impossible to measure whether a situation is getting any better (Forester 1984). These debates between rationalists and incrementalists continue in various guises today, not least as they relate to debates about formal models of the policy process.

The policy process model

Representing the policy process as a sequential series of stages and substages has been one of the most popular means by which the

process has been theorised, explained and studied. This approach was first advanced by one of the pioneers in the field of policy studies, Harold Lasswell, who proposed a seven-stage process made up of: intelligence gathering; the promotion of particular options; the prescription of a course of action; the invocation of the prescribed option; application of the policy through legislation and the bureaucracy; termination once the policy had run its course; and appraisal or evaluation against the original goals or aims (Lasswell 1971). From Lasswell's early work there developed a range of other models that followed a similar sequence, including those developed by Brewer (1974), Jones (1984), and Anderson (1984). As Howlett and Ramesh (2003) suggest, each of these models represents a similar logic, in which the policy cycle maps onto a process of applied problem solving as represented in Table 4.1.

The breaking up of the policy process into sequential stages has been an important aid to theory building in the field of policy studies and has been extraordinarily influential in directing research and thinking about policy. In Australia, the most influential articulation of a policy process model is that developed by Bridgman and Davis, who define the process as a 'policy cycle' that 'brings a system and a rhythm to a world that might otherwise appear chaotic and unordered'. They argue that the cycle model, which suggests that policy is developed in a standard sequence of activities and questions, is 'a guide designed to inject rigour but not to limit potential and creativity' (Bridgman & Davis 2004: 22). The Bridgman and Davis policy cycle is represented below.

Bridgman and Davis suggest that the policy cycle they present is a 'useful organising device' that has several key advantages in helping

TABLE 4.1: Five stages of the policy cycle and their relationship to applied problem solving

Applied problem solving	Stages in the policy cycle
Problem recognition	Agenda setting
Proposal of solution	Policy formulation
Choice of solution	Decision making
Putting solution into effect	Policy implementation
Monitoring results	Policy evaluation

(Howlett & Ramesh 2003: 13)

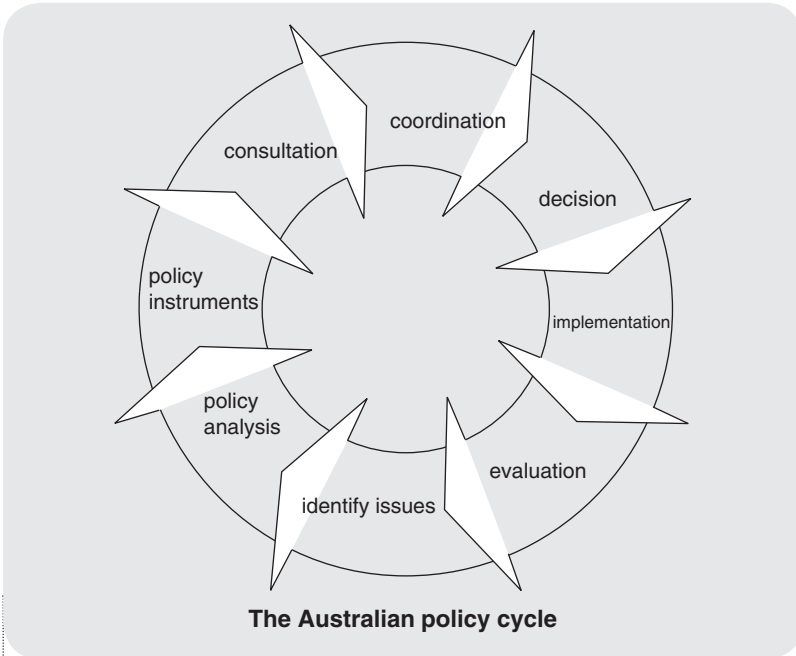


FIGURE 4.1 The Bridgman and Davis policy cycle

policy workers to think about what they do. Specifically, they argue that the policy cycle approach:

- stresses that government is a process, not a set of institutions. The cycle conveys the notion that ideas and resources are active and moving in the process, that policy itself may go through several iterations, and that the process does not finish when a decision is made but carries through to the implementation and evaluation of a policy.
- disaggregates what is a complex phenomenon into manageable steps, thus allowing policy workers to focus on the different issues and needs that arise in each phase of the cycle.
- allows some synthesis of existing knowledge about public policy, allowing learning and knowledge of the literature to be considered as part of the overall sequence.
- is a useful description of the way in which policy is made, which assists policy workers to make sense of policy development now and in the past.
- is normative in that it suggests an appropriate sequence for approaching the policy task (Bridgman & Davis 2004: 22–3).

Despite their advocacy of the policy cycle approach to understanding the policy process, Bridgman and Davis also recognise the merit in some of the criticisms that have been made of this approach. In particular, they acknowledge that their representation of the policy cycle tends to over simplify policy work in a ‘messy and complex’ world and thus create ‘artificial expectations’ among policy workers that their work will be reliable and predictable. Nevertheless they contend that a policy cycle provides an important set of analytical tools to the policy worker and, more contentiously, that good policy *should* in fact include all the elements of their cycle, even if not in that same sequence (Bridgman and Davis 2004: 23).

Case study: The policy cycle and real-world politics: the case of paid maternity leave

Natasha Stott Despoja, former Leader of the Australian Democrats and Senator for South Australia

Paid maternity leave has one of the longest gestation periods of a social policy in Australia’s contemporary political history.

In 2001 I decided to turn a policy idea, and decades of work by many advocates, into a specific piece of legislation that could be placed before the parliament for consideration and a vote. In the lead-up to the 2001 federal election, as the then Leader of the Australian Democrats, I announced a fully costed paid maternity leave (PML) model. In launching the proposal one of the objectives was to highlight the fact that Australia lagged behind the rest of the industrialised world (every OECD country has PML except the United States and Australia) and that this was having a social and economic cost for businesses and families.

On May 16, 2002, I tabled the *Workplace Relations (Paid Maternity Leave) Amendment Bill 2002* in the Senate. This amendment sought to operationalise the policy proposal launched during the previous federal election campaign. In particular, the amendment called for a scheme that was government funded and provided women with 14 weeks’ payment at the minimum wage. This went to a Senate Committee for wide-ranging discussion and consultation. The committee hearings, submission process and questions ensured that the community had a say and that interested organisations, lobby groups and other politicians had the chance to critique the Bill.

In September that year, the Committee Report was tabled in the parliament. Neither major party supported the model, however there were also some good suggestions for improving the Bill, which I subsequently incorporated.

After many years – and further changes to the industrial relations system in Australia – I reintroduced the Bill in September 2007, this time as the *Workplace Relations (Guaranteeing Paid Maternity Leave) Amendment Bill 2007*. The revised Bill was hot on the heels of years of campaigning (through community postcards/forums/ speeches/stickers and petitions combined with other groups like *Marie Claire*, the YWCA, HREOC and others). It also came after a series of reports highlighting the increased need and popularity of a PML scheme in Australia, including the publication of a major report by the Human Rights and Equal Opportunities Commission which was supportive of the need for a PML scheme.

This momentum led the new Rudd Labor Government to establish a Productivity Commission inquiry into parental leave which is due to report in February 2009 and will, most likely, lead to the introduction of Australia's first (and long overdue!) PML scheme.

The combination of grass roots campaigns, legislative processes, wide-ranging consultation and community support has put this issue high on the political agenda. It is likely that it will have taken at least a decade of sustained political effort, on top of the decades of community and individual action, to convert a policy idea into a policy change.

Criticism of the policy cycle approach is worth examining in more detail, particularly in light of case studies like the one above by Natasha Stott Despoja. Howlett and Ramesh (2003) identify three central problems with the process or cycle model. First they point out that the model suggests that policy workers set about solving problems in a linear and systematic fashion, when the reality, as the PML case study would suggest, is that policy work is far more *ad hoc*, idiosyncratic and reactive. They point out that in practice the process may be far more looping than linear, with some stages in the process being compressed or skipped altogether. Second, they suggest that it is not clear whether this sort of model represents an overall picture of governmental activity or whether it only applies to specific kinds of decisions taken by workers in specific types of organisations, such as in the bureaucracy. Third, they argue that the model does not address the issue of causation, or who or what drives a policy from one stage in the sequence to the next. As the PML case study makes clear, pushing an issue along and maintaining its place on the policy agenda requires drive and persistence. Howlett and Ramesh conclude that while this sort of cyclical model is useful in

helping policy workers to disaggregate different elements of the policy process, it is not able to illustrate the nuances and complexities of real-world public policy work (Howlett & Ramesh 2003: 14–15; see also Everett 2003).

Sabatier and Jenkins-Smith have made five major criticisms of this sort of approach to modelling the policy process. They claim that a policy process model:

- does not provide any causal explanation of how policy moves from one stage to another
- does not provide a clear basis for empirical hypothesis, meaning that it is not amenable to confirmation or amendment
- has a ‘top down’ focus that ignores other stakeholders and perspectives
- is descriptively inaccurate in that it ignores the real-world of policy making and neglects to consider the system of intergovernmental relations, and
- does not provide an integrated view of the policy process and policy analysis, which does not just take place in the evaluation phase of the process (1993: 1–4).

These criticisms are important, not just because of the issues they raise and the critical thinking they stimulate, but because they ask us to think about whether the policy process as set out by its proponents is a **model** or a **theory**.

The policy cycle: Theory or model?

Theories and models are different. Models allow us to simplify the complexity of the world so that we might be better able to comprehend the vast array of factors and forces that shape problems and social processes. The policy process model provides us with a useful heuristic – an artificial construct that is used as an aid to conceptualisation and explanation. Rather than trying to explain a phenomenon in the way that theories do, models try to assist in the exploration and explanation of a particular phenomenon through setting out its defining characteristics (an ‘ideal-type’ model) or by setting out the conditions that *ought* to exist if certain goals are to be attained (a ‘normative’ model, that is, a model that prescribes a particular norm or standard) (Parsons 1995: 57–8). Despite these uses, however, it is worth bearing in mind the possibility that such

heuristics may also impede our ability to conceptualise alternatives to the model.

Where models seek to *describe*, theories seek to *explain*. Theories require us to explicate:

- our ontological assumptions, or our way of making sense of the world and the underlying assumptions that allow that explanation to make sense
- our epistemological assumptions, the philosophical theory of knowledge or how we know what we know, and
- our methodological assumptions, or our understanding of how theories should be constructed, used and tested (this is not the same as the notion of method, which refers specifically to how research is conducted).

Returning to one of the key criticisms of the policy process model outlined above, that is, that it does not address the issue of causation, theory provides us with the tools to develop this understanding. To understand how policy is made and why governments make particular decisions we need theory. As Sabatier and Jenkins-Smith have argued:

it is logically impossible to understand any reasonably complicated situation – including almost any policy process – without some theoretical lens (‘theory’, ‘paradigm’, or ‘conceptual framework’) distinguishing between the set of potentially important variables and causal relationships and those that can be safely ignored (1993: xi).

In the remainder of this chapter we consider a range of theories of causality in the policy process and offer some tools by which a policy maker can evaluate these theories in their own practice.

Theory and policy

Howlett and Ramesh (2003) have developed a useful schema by which to begin understanding the various theoretical approaches to public policy. It considers both the method of theory construction (deductive or inductive) and the unit of analysis (individual, collective or structure). Although the title of this schema is somewhat unwieldy, it is a useful guide to what follows in this chapter.

TABLE 4.2: General approaches to the study of political phenomena and illustrative theoretical examples

Method of theory construction			
		Deductive	Inductive
Unit of analysis	Individual	Rational choice theories (Public choice)	Sociological individualism (Welfare economics)
	Collectivity	Class analysis (Marxism)	Group theories (Pluralism/corporatism)
	Structure	Actor-centred institutionalism (Transaction cost analysis)	Socio-historical neo-institutionalism (Statism)

(Howlett & Ramesh 2003:22)

Deductive theories:

The application of general presuppositions to specific phenomena that is based on logical or reasonable deduction.

Inductive theories:

Generalisations that produce a universal claim or principle based on observed instances of a particular phenomenon.

Individualist theories

Individualist theories presuppose the individual as the most significant social actor, the one whose behaviour and actions must be understood and explained in order to develop appropriate policy. There are clear parallels between this sort of theoretical approach and the ideological liberalism discussed in Chapter 2. Given the dominance of liberal ideology in recent decades it should come as no surprise to learn that individualist theories have also dominated public policy making. The most dominant iteration of individualist theory is known as **rational choice theory**, and it is a strong version of this approach, known as **public choice theory**, that has been the most influential perspective in Australian public policy making in recent years (Staples 2006; Maddison & Denniss 2005).

In very brief summary, the public choice theory applies economic models to political behaviour and distinguishes two levels of politics:

‘ordinary politics’ and ‘constitutional politics’. Constitutional politics is seen to limit what could happen in the realm of ordinary politics, suggesting that if there was a general consensus on a constitutional framework then majority rule should be the prime decision-making factor within the realm of ordinary politics. Efforts by minority groups to secure special concessions from governments – known in the public choice rubric as ‘rent seeking’ – should be resisted and actions such as policy advocacy, participation and consultation should be avoided. These views have changed little since their original formulation by Buchanan and Tullock in *The Calculus of Consent* (see Buchanan & Tullock 1999 [1962]; Buchanan 1999 [1963]; Rowley *et al.* 1988). According to the public choice perspective, governments are at great risk of being ‘perverted’ (May 2001: 254) by ‘selfish and self-serving’ interest groups with little representational legitimacy (Marsh 1999: 6). In the public choice paradigm, actions such as policy advocacy, participation and consultation should be avoided, as they are little more than a ruse designed to disguise the purely self-interested motives of the ‘well-organised minorities’ (Sawer & Jupp 1996: 84) who dominate Australian NGOs, and whose true motivation is to seek additional funding and greater power and influence for their members.

The view of individuals that underpins the public choice perspective is that political actors, whether they be policy makers or voters, act rationally and in their own self-interest. Political actors are likened to consumers who are making choices to maximise their own rewards or interests. In this view, self-interested rent-seeking actors attempt to use the state to capture some portion of the social surplus. The majority of the public will make the rational choice to ‘free ride’ wherever possible; that is, they will seek to obtain or enjoy a benefit that has been procured by others at no additional cost to themselves. This view attributes policy causality to the perpetual election campaign that eventuates when self-interested voters are always wanting more, constrained only by willingness to pay tax. Conversely, politicians and political parties will always be willing to supply more in order to shore up their own power (Self 1985: 51). This leads to the gradual extension of state intervention in the form of goods and services prompting public choice advocates to promote a neoliberal view of state-market relations that promotes markets and restricts states (Buchanan *et al.* 1978: 17). The public choice perspective is also highly critical of the

role of NGOs and other stakeholders in the policy process, an issue we will return to in Chapter 10.

In contrast to the individualism of the public choice perspective, sociological individualism outlines the view that individuals make social choices and that an individual's welfare is best defined by that individual. The welfare of the broader society is understood as an aggregation of individual satisfaction and security. Welfare economics operationalises this concern through a primary focus on the normative function of markets. The central objective of the welfare economic approach is to understand and evaluate the impact of economic activity and economic policy on social wellbeing. Such an approach influences governments in determining the actions they should take in order to best serve the public interest. Welfare economics provides one set of conceptual tools for guiding governments in this endeavour (Smith 2006: 730).

Key to the conceptual framework of welfare economics is the concept of market failure that was discussed in Chapter 3. Welfare economists argue that governments have a responsibility to correct market failures because individual decision making alone will not, in reality, produce the best social outcomes. Governments should only intervene where there is an established instance of market failure and even then they should evaluate their capacity to correct the market before choosing to act (see Weimer and Vining 2005).

Case study: Banning smoking in pubs and clubs

Smoking is an outstanding example of market failure and the need for governments to intervene.

Since 1950, tobacco has killed more than 60 million people in developed countries. By about 2025, tobacco will be responsible for 10 million deaths per year, with 70% of these deaths occurring in the developing world, and 30% – 3 million deaths per year – in developed countries. By then, tobacco will cause almost 11% of all deaths in the developing world, and 17.7% of all deaths in developed countries. Half a billion people now alive will be killed by tobacco products, and half of the deaths will happen prematurely.

And yet, people continue to smoke. There is evidence that many smokers are not fully aware of the high risks of disease and premature death. Many smokers know they face increased risks, but may underestimate these risks. They also minimise the personal relevance of these risks.

Smoking also imposes costs on non-smokers. The costs to non-smokers include health damage as well as nuisance and irritation from exposure to environmental tobacco smoke. Infants in households where someone smokes are at higher risk of dying from SIDS (Sudden Infant Death Syndrome) and have a higher incidence of respiratory illness. Pregnant women who smoke can negatively affect the health of their babies. Most young smokers and would-be smokers underestimate the risk of becoming addicted to nicotine. As a result, they seriously underestimate the future costs of smoking. Many smokers, unable to give up smoking, regret that they ever picked up the habit when they were young.

There is clear evidence to show what works, and what doesn't, in reducing tobacco use. The evidence from many countries points clearly to a set of tobacco control measures that are effective and very cost-effective in reducing the demand for tobacco products. Governments should adopt comprehensive tobacco control policies which are tailored to their own country.

Bans on smoking in workplaces and public spaces, comprehensive bans on advertising and promotion of tobacco products, better information to consumers, and large and strong health warnings on packages all help reduce smoking significantly. Tax increases to raise the price of all tobacco products would be the single most effective policy measure that governments could adopt. And many people – even many smokers – support these policies, especially when they understand how much of a threat tobacco is to health and life.

Federal law bans smoking in all Australian Commonwealth Government buildings, public transport, airports and international and domestic flights. Further bans are in place but are governed by individual states. Currently all Australian states and territories (with the exception of the Northern Territory) have banned smoking in enclosed public places, particularly workplaces and restaurants.

They have done so because of market failure. Individual choices about smoking combined with the profit incentive for pubs and clubs to continue to allow smoking on their premises has not, and will never, produce the best social outcome.

Adapted from Dixon (2001)

Group theories

In contrast with theories of policy causality that focus on the individual, theories that focus on the group or the collective suggest that it is social groupings, networks and coalitions across society and across policy sectors that determine policy (John 2006: 12; and see Rhodes 2006 for

an overview of the field of network analysis). Groups and sub-groups develop shared policy preferences and methods for representing these interests throughout the policy process (Considine 1994: 104). Here, in line with Howlett and Ramesh's typology, we consider the two most influential such theories: **class analysis** and **pluralism**.

Class analysis emphasises the concentration of power and influence among an elite group or economic class. These social strata are maintained by virtue of holding political or bureaucratic positions, and society that tends to favour the interests of the dominant class (Hogwood & Gunn 1984: 71). Membership of groups or classes is based on observable characteristics whether or not the individuals concerned see themselves in those terms.

From a Marxist perspective the state is seen as merely an instrument in the hands of capitalists who use it to maintain the capitalist system and increase profits. Policy decisions tend, therefore, to benefit the 'ruling class' and to reflect the interests of the bourgeoisie. As Marxism has lost influence since the 1960s, however, it has been pointed out that even if it could be shown that a policy serves the interest of capital it could not be concluded that the policy was enacted at the command of capital and certainly could not explain the vast amount of public policy – such as social welfare policy – that has been developed and implemented over the opposition of capitalists. Further critiques pointed to the role that the state had played in organising the economy and shaping the mode of production. This latter view has developed into the neo-Marxist view of the **relative autonomy of the state**, which contends that the state can and does play a limited independent role in the maintenance and stabilisation of capitalist society (see Poulantzas 1973). However, capitalist governments' response to the demands of the working class have been designed in such a way as to not undermine the fundamentals of capitalism and the market economy: namely property rights and profits (Howlett and Ramesh 2003: 26–9).

The group basis of pluralist approaches to public policy is quite different from that suggested by a Marxist class analysis. Rather than emphasising the social stratification brought about by the capitalist mode of production, pluralists such as Robert Dahl (1961) emphasised the widespread distribution of power among often competing groups (Hogwood & Gunn 1984: 71). The state in this view is seen as a relatively neutral decision-making institution open

to influence by a variety of interest groups, and political decisions can therefore only be reached through bargaining and compromise between groups.

Critics of pluralism, most notably William Connolly (1969) and Charles Lindblom (1977), who became known as a 'neo-pluralists', argued that it was a flawed theory in that it discounted differences in power and resources among and between groups. From such criticisms emerged the theory of corporatism, which emphasised the development of formal links between government and key sectional groups and economic interest organisations that are granted a major voice in policy formulation in return for their cooperation (Bell & Head 1994: 55). These organisations and groups may be directly incorporated into the decision-making structure, with the right to directly negotiate and even veto policy outcomes with governments. The problem with such an approach is that it only allows some voices to be heard while others are silenced and creates vested interests, which are hard to remove. An example of this form of corporatism operated in Australia during the Hawke/Keating period through the Commonwealth's formal Accord agreements with the trade unions. These Accords, which were renegotiated regularly, explicitly spelt out the compromises that each group was willing to make in return for the concessions from the other parties.

Structural theories

Critics of group theories such as Marxism and pluralism emphasise the importance of state-centred rather than society-centred explanations for causality in the policy process. Some structural theorists give analytical primacy to the structures and autonomy of the state while others stress the importance of institutional analysis and state capacity (Bell and Head 1994: 60–1). Here we consider two approaches to these structural explanations: **institutionalism** and **statism**.

Institutionalism recognises the limits of the individual and group or class based theories discussed above, and instead emphasises the role of institutions as 'political actors in their own right' (March and Olsen 1984: 738). Institutions are defined to include formal institutions such as the bureaucracy as well as legal and cultural codes and rules that affect actors' calculations of their strategies and actions. The focus is on the effects of structure on social actors (Howlett & Ramesh

2003: 29). Interest in institutions developed as scholars seeking to understand the root causes of policies that had failed despite popular support turned away from the study of societies and towards the study of institutions. Successive studies demonstrated that policy outcomes were not determined by citizen preferences, interest group influence, or large social structural forces such as class structures (Immergut 2006: 557, 561). Institutional theory considered instead how institutions were formed, the extent to which institutions constrain the policy process and the circumstances in which they may be subject to change (Bell and Head 1994: 86). Key factors include the effect of institutions on elite solidarity or division, citizen participation, interest group access, and impediments to successful policy implementation. These effects may be most powerfully felt when the rules and routines of some institutions combine with other institutional mechanisms such as in the combination of parliaments, electoral systems and political parties. These are effects over which policy makers have little influence or control (Considine 1994: 99–100). One branch of the institutionalist approach, actor-centred institutionalism, argues that institutions can be understood as a system of rules that structure opportunities for both individual and corporate actors in order that they might realise their preferences. Policy in this view is seen as the outcome of interactions among actors whose capabilities, preferences and perceptions are shaped by the normative effects of their institutional context (Scharpf 1997: 195; Rhodes 2006: 432).

Like institutionalism, statism also emphasises organised social structures and political institutions. Statists, however, see the state as the key agent in political processes. Unlike the sort of institutionalism described above, a statist approach is less interested in the less structured or organised institutions. Instead, statist argue that the state's monopoly on the use of force allows it to organise and structure social relations and institutions. Policy preferences are understood as dependent on the social context in which the state is embedded (Howlett & Ramesh 2003: 44). Key to this approach is the work of Theda Skocpol, whose contribution to the edited collection *Bringing the state back in* (1985) was influential in explicating a new focus on the state as an agent of social, political and policy change. In the Australian context, Michael Pusey's description of Australia as a 'nation building state' illustrates the role of the state in steering economic policy and development.

Case study: New possibilities for Australian nation building

Michael Pusey

Economic history teaches us that war transforms the relations between economy, political culture and the state. In our case WWII brought on a permanent concentration of income tax powers at the national level, a still ongoing program of mass emigration of new settlers to our shores, and a spate of iconic nation building projects like the Snowy River scheme.

Facing up to global warming has the potential to resuscitate our national imagination in a similar way. It presents us with challenges that obviously call not only for incremental changes at the household level, but also for whole-of-government action at the national level.

Here we need think only of what will be required to bring the Murray–Darling river system back to life in a future of reduced and more variable rainfall. This challenge alone has the potential to break up much of the rusted, stalemated, framework of current federal–state relations.

...

[C]hanges on this scale are likely to burst the limits of routine pragmatic political accommodation. They force appeals to a latent collective national imagination and so take on an iconic force that can change motivations and bring people together with an enlarged sense of collective agency and identity.

A second creative challenge has to do with the rebuilding of our infrastructure.

We are members of the OECD with a per capita national income that is about the same as France. France has a first-world national transport and rail network: ours is not much better than India or, at best, Malaysia.

We have some of the world's most liveable cities that are being stressed by bad public transport and the absence of all coherent planning. The same is true at every level of our run-down education system. Ditto for our broadband capability and for our research and development investments in new technologies and value-added quality niche manufacturing.

... The point is simply that our infrastructure deficits are huge, glaringly incommensurate with our aspirations as a first-world nation – and, that, now, for once in a lifetime, we have both the revenue and compelling economic justifications for doing something about it. Huge reconstructions change expectations, create opportunities and fire up the national imagination.

It's a commonplace of political sociology that progressive and modernising social movements – of which the women's movement, the peace movement, and

environmental protection are the most notable instances – can only make way in the face of organised political power when entrenched opposing interests are in disarray.

My point is that, in Australia today, at the level of ideas, the neoliberal opposition to constructive governance and nation building is eclipsed or even exhausted.

No one is listening anymore to the worn-out ideological catch calls for more privatisation, user pays, cutting government spending, smaller government, and more competition: and perhaps likewise, thankfully, labour market reform.

For the moment at least the vested interests have lost their voice. It takes a lot of energy and a long time – maybe 20 or 30 years – for selfish power to persuade national populations to accept policies that are opposed to their larger national interests. And even then it can take a comparatively short time for the ideologies to come undone and for the people to come to their senses.

There is a good chance that even Treasury-enforced blind ideological objections to public borrowing could – it's only a possibility – be swept away by a renewed political call for constructive nation building.

...

[N]ational survey numbers confirm that an increasing proportion of us are seeing, for the first time, that more economic reform . . . brings reduced standards of living for our children. It's a perfect example of what some people call 'social learning'.

Intuitively, and ever more consciously, a national population may just be waking up to the truth that a booming economy and increasing GDP means environmental degradation, endangered futures and falling quality of life. And with that awareness comes a recognition that 'the Economy' is not animal, mineral or vegetable, not a thing in itself, but a symbolic construction that comes out of society itself as a political artefact, and something that we have the power to change.

As that understanding sinks in a nation can more easily understand for itself that economic rationalism is a perfect irrationality, an ideological concoction, and a form of systematically distorted communication.

...

What is the use of more money, more economic growth and more economic reform if it makes you – and the nation – poorer? That unsettling question has the potential to change both the meaning of money and the priorities of economic policy.

We might yet insist anew that governments should make the economy work for the people – not the people for the economy. I think I hear that bit of the story coming at us like a steam train in a tunnel.

Of course, there are no metaphysical or historical guarantees. Still, I put it to you that the prospects for a resumption of constructive nation building are better than they have been in a long while.

(Pusey 2008)

Conclusion: Evaluating models and theories

Theoretical approaches to policy making are important and necessary. It is not possible to take an entirely atheoretical or empirical approach to public policy. Theory determines what data, information and evidence we will favour in constructing an account of a phenomenon (Fenna 2004: 147). Theory aims to provide a causal explanation for why governments do what they do. Theories of the state build on hypothesised relationships between variables to suggest ways of understanding what drives policy.

But the different approaches to policy making suggested by the models and theories discussed above may seem overwhelming to the novice policy worker. All of these theories and the dominant policy process model offer different accounts of how policy is made and by whom – whether they are deductive or inductive, state-centred or society-centred, rational or incremental. How then should a new practitioner – or even an experienced practitioner! – discern between theoretical approaches and explanatory frameworks? One suggestion is that such frameworks may be understood as being like ‘stories’, meaning that we are able to compare different theories with regard to how plausible the story of that theory or framework is. But how are we to determine plausibility? What criteria might we use to evaluate a theory in these terms?

Parsons (1995) suggests that a theory should be evaluated in terms of the quality of its arguments. The focus is not on ‘proof’ or ‘truth’, but on how arguments are used to build a case. Thus, Parsons suggests, we might ask of a theory or model:

- Does it make sense?
- Does it hold together?
- Is it consistent with available evidence?
- How much does it explain?
- Does it convince us?

- Does it add anything to our understanding?
- Does it say anything different from any other existing theory? (1995: 66–7).

Our answers to these questions will be informed by many things, not least our own ideological perspectives (discussed in Chapter 2) and our approach to knowledge, understanding and research (which will be discussed further in Chapter 11). Parsons goes on to suggest that no one theory or model will be adequate to explain the complexity of policy work in the modern state. Policy workers must therefore develop an appreciation of the diverse network of ideas and concepts that explains the world in which policy work takes place (Parsons 1995: 73).

Questions for discussion

1. In what ways is the policy cycle outlined here descriptive? In what ways is it normative?
2. Why is it important to have theories to explain causation in public policy?
3. Using Parson's criteria, does explaining policy at the level of the individual, the collective, or the state make more sense to you? Why?
4. Do you think that policy is made rationally or incrementally? Can you provide examples of real-life policies to support your view?

Further reading

- Althaus, C., Bridgman, P. and Davis, G. (2007), *The Australian policy handbook* (4th edition), Allen & Unwin, Sydney.
- Colebatch, H. (ed.) (2006), *Beyond the policy cycle: The policy process in the real world*, Allen & Unwin, Sydney.
- Howlett, M. and Ramesh, M. (2003), *Studying public policy: Policy cycles and policy subsystems*, Oxford University Press, Toronto.

POLICY ACTORS AND POLICY INSTRUMENTS

The policy process is initiated, researched, refined, driven and implemented by individuals. While the policy cycle outlined in Chapter 4 provides an overview of the process of new policy formulation, this view of the policy process underemphasises the role that individuals play, either on behalf of themselves or on behalf of an organisation, and it therefore overlooks the importance of both the motives and constraints of those individuals. Policy is in fact made through a set of complex interactions between state and non-state actors. Institutions and processes also play an important role in creating the sorts of **policy sub-systems** (Howlett & Ramesh 2003: 53) within which individuals have the potential to drive, delay, prevent or modify the passage of a policy from idea to implementation.

This chapter begins by outlining the key actors in the policy process and the web of relationships between them, which are understood variably as policy communities and policy networks. The chapter will conclude with a discussion of the wide range of policy instruments available to policy makers, discussing the fact that different policy actors may have different degrees of access to different policy instruments. This suggests that at times the choice of instrument is a function of the sort of policy that actors, or a coalition of actors, is seeking to change.

Policy is ‘made’, ‘shaped’ and operationalised by a large number of individuals often referred to as **policy actors**. Mark Considine defines policy actors as ‘any individual or group able to take action on a public problem or issue’ (1994: 6). The very breadth of this definition makes

Who influences policy?

It is as though there were a political gateway through which all issues pass. Disputed from the moment they are in sight of it – and more hotly as they approach – they pass (if they pass) through, and drop out of controversy for a time. Managing the procession are certain ‘gatekeepers’ – not just the Cabinet of the day, but bureaucrats, journalists, association heads and independent specialists camped permanently around each source of problems (Davies 1964, quoted in Colebatch 2002:22).

it important to attempt to classify those who play an important role in the policy process in order to identify consistent patterns of behaviour, if not consistent policy processes. Building on the policy cycle model developed in chapter 4, four key policy roles are defined below. The following discussion is based on the systems and structures that underpin a change in Commonwealth Government policy.

Policy researchers: Policy researchers are the group of individuals who identify policy problems and/or develop new policy solutions. Policy researchers provide the investigative skills to uncover a problem and the creative spark to develop a new solution. Policy researchers are most commonly found in academia, think tanks, the public service, community organisations or industry lobby groups. However, policy ideas can literally be generated by individual citizens as long as they have the tenacity or luck to successfully communicate their ideas to others. It is widely rumoured that the policy of sending a fridge magnet to every house in Australia to provide information about what to do in the case of a terrorist attack was suggested by an individual at a government-commissioned focus group.

Policy promoters: Good ideas need to be effectively communicated if they are to be agreed to and implemented, and a wide range of individuals play a role in the dissemination and promotion of ideas. Ideas can be promoted directly to key decision makers, either in person or in writing, or they can be promoted indirectly through the media, through organisational membership lists, or informal means. Professional lobbying

firms may be used to assist in policy promotion. While ministers or the Prime Minister may engage in public policy promotion before a policy is formally agreed to, such an approach almost certainly indicates that their private attempts at promotion have met with resistance. Public policy promotion is therefore more likely to come from opposition political parties, the media, and the individuals involved with the initial policy research.

Policy designers: Significant public policy changes usually require the law to be changed, either through the introduction of a new Bill to the relevant parliament, the passage of an amendment to existing legislation, or through parliamentary approval for a change in regulations. The significance of this step is often overlooked by advocates seeking a change in government policy, that is, they neglect to formally draft their preferred legislation or amendments. This omission opens up the policy process to a new level of policy actors, namely, the policy designers who literally draft legislation (either the Office of Parliamentary Counsel, the Office of Legislative Drafting or the Clerk of the Senate), and the ministerial and departmental advisers who will shepherd the legislation through the drafting process. The specific definitions used, and the approach taken, in the drafting process will have a fundamental impact on the shape of the final policy outcome, however, despite the significance of this process, it is usually 'left to the experts'.

Policy gatekeepers: Even once an idea has been embraced by a senior policy promoter such as a minister, both its ultimate form and its ultimate fate remain in doubt. Depending on the scope of the policy reform it will need to be considered by a range of other line departments, as well as central agencies such as Treasury, Finance and Prime Minister and Cabinet. Further, even once the final form of the legislation has been agreed to, the drafting process itself relies explicitly on the priority given to a Bill by the Department of Prime Minister and Cabinet. A proposed Bill could literally take years to be drafted if it is not assigned a high priority by them.

The final level of gatekeeping is, of course, parliament itself. Once drafted, Bills still need to compete with other policy priorities to be introduced into parliament. The offices of the Manager of Government Business in the House and the Senate play a central role here, along with the Office of the Prime Minister and Cabinet. While a government would expect its legislation to pass through the lower house without difficulty, the government of the day typically holds only a minority of seats in the upper houses of state and federal parliaments. When the Opposition members and members of minor parties unite to oppose a Bill, then they are in a position to either block or amend legislation. The willingness of the government of the day to negotiate will determine whether there is no policy change or policy change that is significantly different from that which initially emerged from the policy researchers and promoters. The most obvious example of this gatekeeping role was the Howard Government's decision to exclude food from the GST in order to secure its passage through the Senate.

It is important to view the four categories outlined above more as concepts than precise classifications. Sometimes journalists may perform the function of policy researcher and policy promoter, or sometimes a particular notion of a 'policy', such as participating in the war in Iraq or apologising to the Stolen Generation, may be instigated, and implemented, by the Prime Minister with little formal need for any of the actors described above. That said, there is little doubt that most policy draws heavily on the four key policy roles described above, and the next section describes that interaction.

How do policy actors interact?

Policy actors interact in a myriad of formal and informal ways described variously as policy subsystems (Howlett & Ramesh 2003: 53), policy networks (Rhodes 1992, 2006), policy communities, (Richardson 1982), and advocacy coalitions (Sabatier 1988, 1991; Sabatier & Jenkins-Smith 1993). These concepts have evolved over time, keeping pace with both intellectual developments in the field

as well as real-world developments in national and international policy arenas. Theoretical developments that attempt to explain the interactions of policy actors are driven by the goal of explaining both how policy is made and why it proceeds as it does (Skogstad 2005: 1). One significant premise that underpins much of the literature in this area is that governments cannot make policy effectively without the involvement of non-state actors. This is an important point, and one discussed further in Chapter 10.

The analysis of policy networks attempts to explain the development of policy through the examination of networks of policy actors located across the public and private spheres, throughout different levels of government, and along the spectrum of policy roles and occupations discussed in Chapter 7. Whereas public choice theory starts from the assumption that rational individuals constitute the most meaningful unit of analysis, and authoritative choice models take a stricter, more hierarchical, view of decision making, network theory uses the formal and informal policy networks as its unit of analysis.

Before discussing some of the major definitional and conceptual issues associated with the analysis of different types of networks it is useful to first consider the differences between a policy network and a policy community. Rod Rhodes (*inter alia*) defines some distinct differences between a policy community and a policy network, as outlined in Table 5.1 below.

To some extent, policy networks are everything that policy communities are not. While the communities are relatively small, have shared values, communicate formally and work democratically to control resources, policy networks are large, have disparate values and priorities, rely on informal communication and have few (if any) formal mechanisms for sharing resources. What then is the value of these apparently disorganised and disunited policy networks in the policy process?

Large informal networks have a number of significant advantages over smaller, more cohesive policy communities in the policy formulation process. The lack of formal communication processes, for example, can mean that individuals are able to work informally with selected members of a network without the need to resolve all relevant conflicts or ensure that a formal consensus or majority position can be reached by all members. Similarly, the lack of homogeneity within

TABLE 5.1: Policy communities and policy networks compared

Characteristics of a policy community	Characteristics of a policy network
A limited number of participants with some groups consciously excluded	Many participants
Frequent and high-quality interaction among all members of the community on all matters related to the policy issues	Fluctuating interaction and access for the various members
Consistency in values, membership and policy outcomes which persist over time	Interaction based on consultation rather than negotiation or bargaining
Consensus, with the ideology, values and broad policy preferences shared by all participants	The absence of consensus and the presence of conflict
Exchange relationships based on all members of the policy community controlling some resources	An unequal power relationship in which many participants may have few resources, little access, and no alternative

(Rhodes 2006: 427–8)

networks may also increase the opportunities for a ‘division of labour’, so that people with disparate skills work on different elements of policy development.

But while networks are characterised by their breadth and the informality of relationships, they must be underpinned by some sense of common identity or purpose. This may range from ‘old school tie’ alumni networks to more disparate groups with a shared belief in, for example, the need to address climate change. Network relationships may then manifest themselves in a range of ways, depending on the source of the bond. Mutual fund managers, for example, are known to invest more money in companies that are run by people with whom they went to college (see Cohen *et al.* 2008). This can be contrasted to a more purpose-oriented network, such as the Climate Action Network, which facilitates the exchange of information across individuals and organisations in more than 70 countries (see CAN International 2008).

While Table 5.1 distinguishes between policy communities and policy networks, the breadth of both concepts has led to further theoretical refinement and the development of more narrowly defined areas of analysis, including:

Epistemic communities, which form around a particular set of rules for constructing knowledge. Haas (1992) defines an epistemic community as being made up of knowledge-based experts with an authoritative claim to participate in the policy process. Their communication with each other creates a channel through which ‘new ideas circulate from societies to governments as well as from country to country’ (Haas 1992: 27). They may be theory-based (for example structuralists, empiricists, or existentialists) or practice-based (for example in anthropology, economics or surgery) (see Brown 2008). Epistemic communities can play a significant role in the policy process outside of the formal decision-making process.

Social networks, which – unlike epistemic networks, which are bound by shared expertise – develop, often spontaneously, among a group of individuals connected through social roles, geography, and/or life experiences. Putnam (2000) described these networks as the structural basis of any community, and related their coherence and resilience to the ‘social capital’ of a community. While social networks rarely form originally as policy agents, they may become activated by local issues, as in the campaign against the plan to dam Tasmania’s Franklin River.

Network governance, which refers to the creation of governance structures that rely on the interrelationship between institutions and individuals with different competencies and sources of knowledge in order to deal with complex and interlinked problems. From this perspective, governance is accomplished through decentralised networks of private and public actors associated with international, national and local institutions. In the words of Reinicke and Deng, a ‘typical network’ combines ‘the voluntary energy and legitimacy of the civil society sector with the financial muscle and interest of the business sector and the enforcement

and the rule-making power and coordination and capacity-building skills of states and international organizations' (2000: 37).

The analysis of a range of different types of networks sheds light on the multifaceted nature of the policy process described throughout this book. The very notion of a network suggests the ways in which individuals and organisations are interconnected. Further, there is no reason to presume that an individual could not simultaneously be a member of a policy community, a policy network, an epistemic community, a social network and possibly even be involved in network governance. Indeed, it is almost impossible to imagine that an individual or organisation that is actively involved in the policy process could be categorised unambiguously or exclusively in only one of the above notions of a network.

The proliferation of policy networks and communities, and the growth in scholarly research that has theorised and documented their activities has also contributed to the notion that their very existence contributes to a particular type of reform in the public sector. 'Whole of government' reform, or a focus on 'joined-up government', represents the efforts of governments to harness and coordinate the work of policy networks. Based on the idea that public policy problems cut across different departments and sectors, it is imagined that whole of government policy work will enable governments to deliver service more effectively and efficiently (Christensen 2006: 460–1). These approaches raise questions about whether policy networks and communities function as informally coordinated systems or are orchestrated 'from above' (Hill 2005: 236). The reality is that both scenarios describe the relationship among and between policy actors at different times and in different institutional contexts, suggesting the need for ongoing analysis rather than assumptions about the ways in which they operate.

Case study: The National Pay Equity Coalition: A policy network in action

NPEC – who are we? The National Pay Equity Coalition was formed in Sydney in 1988 to address the persistent gender pay gap in Australia. Its members consist of women who are union officials, a politician, policy officers, researchers, lecturers and

independent consultants. Most have a strong background in industrial relations or employment issues.

Why are we concerned about pay equity? Despite well publicised equal pay cases in 1969 and 1972, gaining real pay equity for Australian women has been an elusive goal.

Full-time Australian women workers still earn only 82% of the weekly earnings of full-time male workers, and 90% of ordinary time non-managerial hourly earnings. If part-time workers are included in the equation, women earn only 66% of male weekly earnings.

We are concerned about this because women have as much need as men for financial security and the ability to contribute to their own and their families' economic wellbeing, and have as much right as men to look forward to a secure retirement where they will be able to meet their health, housing and lifestyle needs adequately. It has never been the case, and is even less so now, that women can assume they will have a man to support them for as long as they live.

The reasons for the persistent gender pay gap are complex. Apart from part-time work, other relevant factors are that women are under-represented in senior management positions, women get far fewer overaward payments and perks than men get, and that women in Australia do different jobs than men do (mainly clerical, retail, personal services) and these jobs are more poorly paid. It is our contention that these jobs are poorly paid because they are undervalued, and not because they are inherently less skilled than jobs done by men.

How we work: A small community organisation, NPEC focuses its efforts strategically on influencing policy via:

- submissions to industrial tribunals
- campaigning against industrial changes detrimental to women
- rallies
- media
- submissions and appearances before Senate Inquiries into proposed legislative changes
- lobbying politicians, for example lobbying government to conduct the NSW Pay Equity Inquiry, appearing before it, and lobbying to have its recommendations implemented
- disseminating information on pay equity issues.

NPEC also builds coalitions with other organisations to advance the cause of pay equity and industrial justice for women. We have worked closely over many years with the Women's Electoral Lobby and the Business and Professional Women's Association on

combined campaigns and projects related to pay equity. We have recently participated in the Round Table for Women's Community Organisations on the proposed federal industrial relations changes organised by the ACTU Women's Committee.

Key pay equity achievements:

- 1998 NSW Pay Equity Inquiry and 2000 Equal Remuneration Principle
- Subsequent pay equity inquiries in other states and adoption of equivalent ER principles in some other states
- Greater awareness by industrial parties of pay equity issues
- Significant pay increases in undervalued female jobs, either through the use of the new Principle or through reference to the findings of the NSW Pay Equity Inquiry and Principle.

(Hayes 2005)

The impact of institutional design on policy actors

The relative importance of formal and informal relationships between policy actors will, to a significant extent, be determined by the institutional structures that exist to either facilitate or inhibit such communication. Howlett and Ramesh suggest that actors and institutions exist in a 'mutually defining relationship' (2003: 53) and outline a range of institutions that they see as key to this relationship, including:

- social structures, including political economic structures, business actors and labour
- political structures, including 'the public', think tanks and research organisations, political parties, interest groups and the media
- international institutions, such as the international trade, finance and production regimes, and international organisations such as the United Nations, the World Bank, the OECD, the International Labor Organization and the World Health Organization
- domestic state systems, including governments, elected politicians, and the bureaucracy (2003: 53–85).

From the 'policy universe' containing all policy actors and institutions are drawn policy subsystems that provide 'space where relevant actors discuss policy issues and persuade and bargain in pursuit of their objectives' (Howlett & Ramesh 2003: 53).

Sometimes an institution or an institutional process might be seen to provide a framework for the sort of policy subsystem that Howlett and Ramesh describe. At the Commonwealth level a good example of an institution that has been developed to facilitate formal consultation between departments and groups who are likely to be affected is the requirement for legislation to be accompanied by a Regulatory Impact Statement (RIS). In the words of the Office of Best Practice Regulation:

Preparation of a Regulation Impact Statement (RIS) formalises and documents the steps that should be taken in policy formulation. It provides a consistent, systematic and transparent process for assessing alternative policy approaches to problems. It includes an assessment of the impacts of the proposed regulation, and alternatives, on different groups and the community as a whole. The primary role of the RIS is to improve government decision-making processes by ensuring that all relevant information is presented to the decision-maker when a decision is being made. In essence, a RIS codifies good regulatory practice (2007).

When formal structures such as the RIS or parliamentary inquiries that call for public submissions exist, then effective interaction between policy actors in a policy subsystem can be achieved more easily. That said, formal structures can also be used to either limit or steer external policy advice in ways that may be more beneficial for some groups than others. For example, the drafting of Terms of Reference for a parliamentary inquiry, and in turn the allocation of time to different expert witnesses can have a major impact on the development of recommendations and conclusions.

Policy actors are not, however, required to be passive in the institutional design process. Policy actors have, for example, been successful in calling for the requirement for some policy decisions to be accompanied by environmental impact statements. Similarly, others have called for the development of family impact statements. The explicit objective of such an approach is to ensure that particular considerations are built into the decision-making process; if this can be achieved, it is less resource intensive for interested policy actors than having to make a special case for such considerations as each new policy decision arises.

Another common mechanism used by policy actors to simultaneously promote a specific policy outcome and increase their influence in the policy process in general is to form new institutions of their own. For example, while individual agricultural industries are relatively small in the context of the Australian economy, collectively they account for a significant proportion of GDP. The development of the National Farmers Federation, for example, provided individual farmers with a louder voice on the political stage than could have otherwise been achieved (see Colebatch 2002: Ch. 4). Conversely, it is often argued that Australia's carers, that is those who dedicate a significant amount of time to caring for friends or family with chronic conditions, have been overlooked by policy makers as, despite their number, they are too busy to advocate effectively in their own interests (Carers Australia 2008).

The creation of new structures to facilitate cooperation and communication among policy actors has both advantages and disadvantages. Support from a large number of individuals or a range of different industries can help promote a particular policy, but the broader organisations become, the harder it can be to achieve internal agreement about desired courses of action.

The role of professional lobbyists

Few policy researchers have the time, or experience, to develop a sophisticated view of the internal workings of government policy processes. Similarly, few journalists or NGO representatives have detailed knowledge about either the identity or motivations of procedural gatekeepers such as those who help determine the priorities for legislative drafting or who have influence over budgetary priorities. These knowledge gaps do not prevent these actors having influence in the policy process, but nor do they enhance their effectiveness.

Those with the best understanding of these internal processes are usually those who have worked within them, either as political advisers or as bureaucrats. Similarly, those with the best knowledge of how the media interacts with politicians and other interest groups are usually those who have either worked in political journalism or as a media adviser to a politician. While it is rare for individuals to possess knowledge and experience of all facets of the political process, it is possible for organisations to build teams who do. Such teams typically

work as consultant lobbyists who will assist individuals or organisations to achieve their preferred policy outcomes for a price.

Lobbying is a common feature of developed democracies, and faces differing levels of regulation in different countries. From 1 July 2008 professional lobbying in Australia was regulated by a *Register of Lobbyists* governed by a *Lobbying Code of Conduct*:

Case study: Extract from the Lobbying Code of Conduct

7. PROHIBITION ON LOBBYING ACTIVITIES

7.1 Persons who, after 6 December 2007, retire from office as a Minister or a Parliamentary Secretary, shall not, for a period of 18 months after they cease to hold office, engage in lobbying activities relating to any matter that they had official dealings with in their last 18 months in office.

7.2 Persons who were, after 1 July 2008, employed in the Offices of Ministers or Parliamentary Secretaries under the *Members of Parliament (Staff) Act 1984* at Adviser level and above, members of the Australian Defence Force at Colonel level or above (or equivalent), and Agency Heads or persons employed under the *Public Service Act 1999* in the Senior Executive Service (or equivalent), shall not, for a period of 12 months after they cease their employment, engage in lobbying activities relating to any matter that they had official dealings with in their last 12 months of employment.

8. PRINCIPLES OF ENGAGEMENT WITH GOVERNMENT REPRESENTATIVES

8.1 Lobbyists shall observe the following principles when engaging with Government representatives:

- (a) lobbyists shall not engage in any conduct that is corrupt, dishonest or illegal, or unlawfully cause or threaten any detriment
- (b) lobbyists shall use all reasonable endeavours to satisfy themselves of the truth and accuracy of all statements and information provided by them to clients whom they represent, the wider public and Government representatives
- (c) lobbyists shall not make misleading, exaggerated or extravagant claims about, or otherwise misrepresent, the nature or extent of their access to Government representatives, members of political parties or to any other person
- (d) lobbyists shall keep strictly separate from their duties and activities as lobbyists any personal activity or involvement on behalf of a political party, and
- (e) when making initial contact with Government representatives with the intention of conducting lobbying activities, lobbyists who are proposing to

conduct lobbying activities on behalf of clients must inform the Government representatives:

- (i) that they are lobbyists or employees of, or contractors or persons engaged by, lobbyists
- (ii) whether they are currently listed on the Register of Lobbyists
- (iii) the name of their relevant client or clients, including a client whose identity is not required to be made public under clause 5.2, and
- (iv) the nature of the matters that their clients wish them to raise with Government representatives.

(Department of Prime Minister and Cabinet 2008a)

The existence of professional lobbyists raises significant issues for those who argue that the policy process is open, transparent and evidence-based. If this were the case, why would individuals and companies spend millions of dollars buying professional help?

Policy instruments

While policy actors compete to attract attention towards (or away from) specific problems, to succeed in reshaping policy they must also develop, and promote, effective policy instruments for tackling the policy problem at hand. That is, in addition to identifying the nature and extent of a problem, successful policy actors must also propose a politically, legally and economically acceptable solution. Further, different policy actors are likely to exhibit an explicit or implicit bias for some policy instruments over others. For example, minor party politicians are likely to exhibit a preference for the introduction of legislative amendments while libertarian think tanks are more likely to express support for self-regulation and voluntary codes of conduct.

Of course the position and philosophical alignment of policy actors are not the only determinants of their preference for policy tools, with individual expertise and experience also playing an important role. For example, economists are more likely to conclude that price signals are an appropriate way to solve traffic congestion than urban planners, who, in turn, are more likely to conclude that city design is more important. While a wide range of policy instruments is discussed below, each of which has strengths and weaknesses, it is important to understand that

the decision about which instrument is 'best' for a given problem is made by policy actors who all have a wide range of preferences, presumptions and prejudices.

Policy instruments are the mechanisms or strategies by which governments achieve their policy goals. The term is used to describe the 'myriad techniques', ranging in 'complexity and age' that governments have at their disposal when it comes to implementing their public policy objectives (Howlett 1991: 2). Policy instruments range from the prohibition of heroin to advertisements on television advising people not to drink and drive, and from the imposing of a tax on petrol to the payment of a 'baby bonus' to those who have children. As these examples suggest, such instruments are numerous, diverse and constantly changing. For example, in recent years there has been a steady increase in reliance on 'contingent loans' type policies in Australia, such as HECS (see Chapman 2006), while the direct provision of services by government has become less popular (Keating 2004).

Trends in the selection of policy instruments are driven by a range of factors, including new theoretical developments, new technology, and changes in the political and economic assessment of the relative merits of different courses of action. Lester Salamon formulated two important questions that helped stimulate research in this field: 'What consequence does the choice of tool of government action have for the effectiveness and operation of a government program?' and 'What factors influence the choice of program tools?' (1981: 265). Salamon (2002) went on to document the shift away from policy instruments based on direct government provision and towards instruments designed to enable third parties to provide services instead. When viewed from this perspective the selection of instruments is no longer confined to the debate about public versus private provision, but must also include analysis of how the public and private sectors can best work together to deliver services.

In order to analyse the wide range of policy instruments available a number of typologies have been developed. Fenna describes four types of policy instruments located between the two extremes of voluntarism and outright coercion:

1. Exhortation: the use of advertising or propaganda to persuade or cajole people
2. Economic incentives and disincentives: the use of prices or subsidies to modify behaviour

3. Provision: governments may directly provide goods or services themselves
4. Regulation: laws may proscribe, prescribe or control behaviour (1998: 7).

In a similar vein, Althaus, Bridgman and Davis categorise policy instruments into the following four types:

1. Advocacy: arguing a case
2. Money: the use of spending and taxing powers
3. Government action: the provision of goods or services
4. Law: the use of legislative power (2007: 86).

While there are obvious parallels between the approach of Fenna (1998) and Althaus, Bridgman and Davis (2007), other typologies can be constructed. Russell and Powell (1996), for example, developed a typology around the concreteness of the policy goals and the determinism of the approach used to achieve those goals, as outlined in Table 5.2 below.

TABLE 5.2: Russell and Powell policy instrument typology

	The state specifies the goal to be achieved	The state does not specify the goal to be achieved
The state specifies how the goal is to be achieved	<p>Regulation to reduce air pollution through the prohibition of lead in petrol</p> <p>Provision of tax incentives to promote investment in research and development</p>	<p>Requirement for firms to use particular technologies or processes (for example, dispute resolution processes in workplaces with more than 100 employees)</p>
Non-state actors specify how the goal is to be achieved	<p>The use of an emissions trading scheme to reduce greenhouse gas emissions</p> <p>Federal government setting literacy and numeracy targets</p>	<p>Industry self-regulation of advertising</p> <p>Decision by commercial banks to integrate social and environmental considerations into their lending practices</p>

Based on Russell and Powell (1996: v), with Australian examples provided by the authors.

Any attempt to create a typology of policy instruments by necessity must emphasise some features at the expense of others. That said, the typologies described above suggest some of the complexity involved in government's selection of the right policy instrument to aid in the implementation of a wide range of policies. Choice of instrument requires 'judgement as well as science' (Althaus, Bridgman and Davis 2007: 96) and is dependent on factors such as:

1. resource intensiveness
2. the extent to which precise targeting of policies is required
3. levels of political risk, and
4. constraints on state activity (Hill 2005: 140).

Although governments have substantial powers to compel individuals to behave in particular ways (for example preventing them from driving a car or requiring them to undertake military service), there is a wide range of political, administrative and legal constraints on the use of such powers. To that end, policy makers often appear to prefer to use the least intrusive policy instruments available to achieve a particular goal. That said, the use of coercive policy instruments does appear to be an end in itself in some instances. For example, policy debates around recreational drug use are usually defined more in terms of whether policy actors are 'tough on drugs' or not. Similarly, policy around issues such as same-sex marriage is often debated in terms of the desirability of particular policy instruments (for example, prohibition) rather than an analysis of the least intrusive instruments to achieve a particular goal.

Such apparent 'contradictions' in the approach taken to instrument selection can be seen either as 'aberrations' which sit outside an otherwise rational policy-making process, or as examples of how diverse and complex the relationship between policy, politics, evidence and ethics really is.

The following sections provide a brief examination of the four policy instruments categorised by Fenna (1998).

Policy through exhortation

The use of advocacy as a tool of policy is designed to encourage, rather than to compel, changes in behaviour. It may take the form of an explicit advertising campaign to discourage people from smoking, or it can consist of the Prime Minister and senior ministers deciding to change

their language in order to change the way that particular behaviours are perceived. For example, the decision to refer to refugees as ‘illegal immigrants’ or simply ‘illegals’, played an important role in changing community attitudes towards asylum seekers, and in turn, facilitated changes to immigration policy.

Policy advocacy is often placed at the ‘light touch’ end of the spectrum of policy instruments, but given its potential to significantly affect the underlying values of a society, care should be taken when making such an assumption. Consider, for example, the decision of the previous Prime Minister, John Howard, to state that public schools in Australia ‘lacked values’. This simple act of advocacy, and the ensuing public debate, is likely to have influenced the decision of some parents as to whether or not to send their children to private schools. Given that private school enrolments have increased during a period in which private school fees have been rising significantly faster than inflation (Smith 2007), the possibility that such advocacy can be as effective as changes in government expenditure as a policy instrument should be carefully considered.

Finally, as with all types of policy instrument, it is important to highlight the effectiveness of different policy instruments that reinforce each other. While advocacy may be effective on its own, it is likely to be more effective when used either to build support for other policy instruments or to reinforce the importance of existing instruments, as is the case with advertisements to discourage speeding that are combined with fines and police enforcement.

Policy through incentives

Decisions about how to raise and spend money are known collectively as fiscal policy. The Australian Government collects and spends more than \$250 billion each year. Decisions about whether to collect revenue via taxes on petrol or on food have significant economic, political and equity implications. Decisions about whether to increase spending on defence or on education have similar impacts.

As discussed in Chapter 3, economic theory suggests that when the relative costs of choices change, all other things being equal, individuals will be likely to change their behaviour. This concept underpins the usefulness of instruments that rely on incentive. For example, the Whitlam Government abolished university tuition fees in order to both

increase the number of Australians attending university and change the socioeconomic mix of those students. With a similar concern for the role of price as an incentive, the Hawke Government reintroduced university fees but did so in a way that allowed students to pay for their tuition out of their future earnings rather than making them pay upfront.

Governments can also use both subsidies and tax exemptions to achieve their policy goals. For example, according to the Productivity Commission (2007), the Commonwealth and state governments provided more than \$6 billion per annum in direct assistance to industry and provided an additional \$50 billion in tax exemptions to both households and industries.

Policy through government action

Governments provide a wide range of services directly to citizens. Public hospitals, public schools, public roads, public sewers, and the police, fire and ambulance services provide the physical and social infrastructure on which our cities and our economies are built. The direct provision of services remains one of the most important instruments of government policies, at all levels of government. Calls are often made for increased funding of services such as health and education, however, it is important to consider that from a policy perspective, the issues of where and how money is spent are likely to be as important as the amounts themselves.

Over the past two decades, the distinction between policy through government action and policy through incentive has increasingly begun to blur as governments have relied more heavily on the 'contracting out' of government services. For example, while the Commonwealth Government once provided direct job placement assistance to unemployed people from the Commonwealth Employment Service (CES), it now provides funding to a wide range of private and community sector organisations to provide similar services as part of the Job Network. Under such arrangements the government is relying on incentives to induce the private sector to provide a particular service, but unlike the provision of incentives for research and development, for example, the incentives used in the Job Network are far more specific, with a much higher degree of government control over where and how services are provided.

Policy through regulation

Governments have the ability to proscribe and prescribe a wide range of behaviours. While these powers are constrained by the Constitution, the state and Commonwealth parliaments are free to pass any laws that are constitutional subject only to the constraint that passing the wrong laws may see them removed from office at a subsequent election. Unlike instruments based on exhortation and incentives, however, when governments rely on regulation to alter behaviour it is the government, not individuals, who are responsible for rectifying non-compliance. That is, if individuals ignore an advertisement exhorting them to give up smoking it is their problem, but if a person refuses to pay their taxes then it is the government's responsibility to detect, and potentially punish, non-compliance.

While the costs to the government of monitoring and enforcing laws and regulations are high, regulation plays a central role in the organisation of economic and social activities in all developed countries. Consider, for example, the problem of noise pollution in residential areas. Reliance on exhortation or incentives to behave quietly after midnight may be effective for the majority of the population, but there is likely to be a minority who will not be dissuaded from hosting loud parties late at night. As a society, how should we respond? One of the remaining options from Fenna's typology is government provision, but government provision of sound insulation in the homes of noisy neighbours is unlikely to deliver an inexpensive or prompt solution to the problem. Regulation, backed up by the coercive power of the police, on the other hand, is likely to effectively address the issue.

It is often suggested that individuals' and political parties' attitudes on regulation can be depicted on a spectrum described variously ranging from 'left' to 'right', 'interventionist' to 'free marketeer' or 'red-tape nanny statist' to 'economic rationalist'. While there is no doubt that some people, and some organisations, seem to prefer more or less regulation than others, the suggestion that a simple continuum between two extremes exists serves to conceal more than it reveals. Ask yourself the following questions:

Do you know anyone who thinks that markets should be deregulated, but that people's sex lives should be regulated?

Do you know anyone who thinks that individuals are better placed to make decisions than governments, but that the

government should prevent people on welfare from wasting their money?

Do you know anyone who thinks that free trade is a good idea but that the government should do more to prevent illicit drugs coming into the country?

The point is that almost everyone has preferences for some form of regulation or another, whether it is a ban on junk food advertising or a ban on gay marriage. It is important for those interested in policy debates to ensure that language and categories are not used to conceal the range of options, the diversity of opinion, and at times the inconsistencies that exist in sets of firmly held beliefs.

Conclusion

It is important for governments to have access to a wide range of policy instruments in order to ensure that they can match the most appropriate policy solutions to the wide range of policy problems with which they are faced. While individuals, and political parties, may seem to have strong preferences for some policy instruments over others, it is important to realise that the objective of selecting the policy instrument that delivers the best outcomes at the lowest cost is unlikely to be achieved by discovering the ‘best’ instrument and searching for opportunities to implement it. On the contrary, discovering the ‘best’ instrument for the task at hand is more likely if analysts possess a strong understanding of the advantages and disadvantages of a wide range of policy instruments and in turn are able to match those instruments to the individual circumstances of the policy problem at hand.

The task of selecting the ‘best’ policy instrument is made even more challenging, however, by the fact that it is unlikely there will be universal agreement about the nature of the problem at hand, the objectives of the policy solution and the characteristics of what success would look like. This is especially true in the context of policy arenas involving multiple actors engaged in complex policy networks and communities. The existence of such complexity and ambiguity, and the simultaneous need to develop unambiguous policy solutions, ensures that the policy process will always remain contestable, volatile and controversial.

Finally, it is important to understand that the selection of the 'best' policy instrument is often constrained by judgments about what is politically achievable. For example, the best solution to childhood obesity might be city redesign to facilitate children walking safely to school, labour market redesign to facilitate parents having more time to play with children, and food system redesign to make the sale of fresh fruit and vegetables as convenient and profitable as the sale of highly processed foods. However, for a policy actor who is not at the centre of the federal government, the best policy instrument might be banning junk food advertising. Perhaps cynically, those policy actors opposed to active steps to address childhood obesity are likely to emphasise the benefits of the comprehensive approach over the more piecemeal approach of a ban on advertising safe in the knowledge that such comprehensive reform is far less likely to happen.

Questions for discussion

1. Choose a policy issue you are interested in and consider the groups that might form the relevant policy community.
2. One way to influence the policy process is to develop new institutional structures. Do you think the requirement for all legislation to pass a Climate Change Impact Assessment would help or hinder the policy process?
3. Do you think professional lobbyists can assist the policy process by ensuring that anyone can gain access to expert advice? Or do professionals impede the process by advantaging those who can afford to employ such advice? Should they be regulated?
4. Think of two areas of policy where you would prefer the government to regulate behaviour more effectively and two areas where you would prefer them to regulate behaviour less thoroughly. What values are informing your views?

Further reading

- Pearse, G. (2007), *High and dry: John Howard, climate change and the selling of Australia's future*, Penguin, Melbourne.
- Rhodes, R.A.W. (2006), 'Policy network analysis', in Moran, M., Rein, M. and Goodin, R. (eds), *The Oxford Handbook of Public Policy*, Oxford University Press, New York, pp. 425–47.

IDENTIFYING ISSUES: AGENDA SETTING AND POLICY DISCOURSE

Introduction

It would be comforting to think that policy is made by wise and omniscient ministers, advised by well-informed staff responding to commonly understood social problems. From the lofty heights of parliament, ministers would maintain a comprehensive overview of their portfolio, ever alert and responsive to problems as they arise, while developing equitable and efficient policy solutions for the good of all of society. The reality, of course, is somewhat different. Like all areas of policy work, determining which issues should receive government attention is fraught, competitive and often highly conflictual.

How and why issues become policy problems is another complex area of policy studies. One way in which this process is understood is closely aligned with the understanding of policy work as authoritative choice. In this view the transition from problem to policy occurs during the stage in the policy process known as **issue identification** or **agenda setting**. A different way of understanding how issues become problems worthy of a policy response sees policy development as a process of **social construction**. This view acknowledges that policy workers bring their own values to the policy process, which influences their views about what is valid and relevant and what should command the attention of governments. Policy work in this sense is understood as being concerned with the construction of meaning (Colebatch 2006: 8–9).

Both of these frameworks recognise the inherently political nature of determining what issues governments take up and the sort of policy responses they develop. Analysis of this area of policy work goes to the heart of what is known as **policy capacity**; that is, a government's ability to choose and to implement its preferred course of action. Jänicke has outlined three elements of policy capacity: the strength, competence and intellectual understanding utilised by a government to tackle a problem; the skills and strategy used by that government; and the urgency of a policy problem and its relative amenability to the available policy instruments (1997: 10). As the case study below suggests, however, the outcomes of this process may be controversial.

Case study: Rising petrol prices: What's the issue?

Even by the debased standards of political debate in this country, the petty point-scoring between the Opposition and the Government on easing the burden of petrol prices has achieved a new low.

Both sides of politics have done their homework. Their focus groups obviously show that the issue is uppermost in voters' minds. The question is how to show the most phoney concern for the motorist.

Spare us. This issue is high on perception and virtually zero in terms of substance. Over the past 18 years the 'private motoring' component of the Consumer Price Index (CPI) has risen at an annual rate of 2.7%, the same as the 'all groups' index, according to Centre for Policy Development fellow Ian McAuley. In other words, the real (inflation-adjusted) price of private motoring remains unchanged.

How come? According to McAuley, although the price of petrol has increased by 4.7% a year, in real terms cars are now 40% cheaper than they were 18 years ago. Furthermore, modern cars last longer and are more reliable. This suggests that governments should save their concern for public transport users. Over the same 18 years, public transport fares have risen 4.7% – the same as for petrol. Governments can't do much about crude oil prices, and higher prices for petrol will help motorists adjust to peak oil. Lower public transport fares will also help smooth the adjustment to peak oil. Given the prospect that global oil prices could increase to \$200 a barrel within the next decade, it is hard to imagine a more perverse set of market signals.

As the Australian Association for the Study of Peak Oil and Gas (ASPO) says, 'high prices are the market signal that we will reduce our oil dependence. Suggesting that high prices are temporary misleads the public and allows governments to delay difficult decisions.'

...

Until recently, the Paris-based International Energy Agency (IEA) was in denial about peak oil. In a recent interview, the IEA chief economist said the forthcoming forecast through to 2015 (to be published in *World Energy Outlook* for 2008) would show an annual decline in oil production of 3.7% to 4.2%.

According to ASPO, the world is producing one barrel of oil for every three we consume. Production of oil peaked in Australia in 2001. Thanks to falling domestic production and higher import prices, net imports are expected to increase from about \$12 billion now to about \$30 billion in 2012. If the excise or GST on petrol is reduced, the electorate will demand a similar response every time the price goes up. This nexus must be broken now. It would be obscene if the Rudd Government cut the GST on petrol while continuing to impose the GST on rail, tram and bus fares. We all pay indirectly for higher petrol costs.

A less objectionable second-order response is to cut other taxes to compensate for the higher petrol price ... Our first-order response should be to switch transport expenditure in the capital cities from freeways to rail, with feeder services in the outer suburbs, so that when two-car (or three-car) families are no longer affordable they will have a genuine public transport option.

...

We are entering the era of global peak oil. Together with global warming and water shortages, it will demand statesmanship not in evidence in the present political debate.

Edited extract from Davidson (2008)

Issue identification and agenda setting

It will always be the case that many issues compete for the attention of government. From the myriad of concerns that are brought to government attention, however, limited time and resources will ensure that only a few are chosen for policy attention (Anderson 2005: 87). The outcome of this contest of issues becomes known as the 'policy agenda', a useful metaphor in that it reminds us that policy makers can only pay attention to as many issues as their limited time and resources will allow. Making it onto the policy agenda means that what was once a private concern is now transformed into a policy issue, commanding the resources of government and becoming a part of the policy cycle (Bridgman & Davis 2004: 34). To make it onto the agenda, however, an issue must meet at least four conditions:

1. There must be agreement on a problem. A problem only exists when significant interests agree that there should be a change in current circumstances. To achieve this agreement will usually require a coalition of voices inside and outside government.
2. There must be the prospect of a solution. Policy makers prefer issues to which there appears to be a plausible solution. Few politicians are drawn to issues that promise certain failure.
3. The issue must be appropriate for government expenditure. Every dollar spent on one issue is a dollar not available to another issue.
4. For whom is the issue a problem? The government's own ideology may influence ministers' decisions on whether they want to deal with an issue at all (Althaus, Bridgman & Davis 2007: 51).

Hogwood and Gunn have also established a set of criteria to guide the process of what they call 'issue filtration', although they acknowledge that these criteria will overlap and will often involve very subjective assessment. Nevertheless, as a starting point for filtering issues competing for a place on the policy agenda they propose that policy workers consider:

- The issue's context
 - Is there time for analysis?
 - To what extent does the issue have political overtones?
 - Have fixed positions been adopted on the issue?
 - How central to the concerns of the organisation is the issue?
- The issue's internal characteristics
 - Is there scope for choice?
 - How much consensus is there about the issue and the solution?
 - How complex is the issue?
 - How much uncertainty is there about the issue and possible outcomes?
 - How value-laden is the issue?
- The issue's repercussions
 - What scale of consequence is involved?
 - How many people will be affected?
 - How significant are the affected groups?
 - How significantly is the group affected?
 - Is the issue likely to ramify and affect other issues?
 - Will acting upon the issue restrict the agency's future flexibility of action?

- The costs of action and analysis
 - How large are the costs of acting on the issue?
 - Is there a cost increment or quantum jump?
 - For how long a period will resources be committed?
 - What will be the cost of analysis?
 - Will the analysis have pay-off? (Hogwood & Gunn 1984: 91–9).

Hogwood and Gunn's criteria make it clear that the competition for a place on the policy agenda does not take place in a politically neutral environment. To understand why some ideas come to 'have their time' while others are left to languish, John Kingdon made an important study of the agenda-setting process in his book *Agendas, alternatives and public policies* (1984). Kingdon developed his theory of agenda setting from the so-called 'garbage-can' model devised by March and Olson (1976), who suggested that policies accumulate in the same way that rubbish accumulates in a garbage can. Picking up on these authors' ideas about different 'streams' in the policy process, Kingdon argued that the agenda-setting process is composed of three distinct streams: problems, policies and politics. The problem stream is made up of the issues upon which policy makers choose to focus their attention, as opposed to those they choose to ignore. Issues will receive attention if they are framed by indicators (that is, measures that are used to assess the scale and change in an issue area), events (such as disasters, which focus policy makers' attention on a particular problem) and feedback (about current performance) that indicates a failure to meet goals. In the policy stream, which Kingdon conceptualises as a sort of 'primeval soup' (as distinct from March and Olson's 'garbage can'), some ideas float to the top and others sink. Policy advocates may be crucial to the survival of a particular policy idea, although all ideas must satisfy the criteria of technical feasibility, compatibility with dominant community values, and the ability to anticipate future constraints on its functioning. This struggle for ideas will eventually produce a list of possible proposals for the government's agenda.

The final stream that Kingdon describes is the political stream, which he sees as quite separate from the problem and policy streams. The political stream also has a number of elements, including: national mood and public opinion; organised political forces such as political parties and pressure groups; the government itself; and the capacity for

consensus building around a particular issue. Kingdon suggests that at critical times these three streams come together, providing a unique window of opportunity in which 'A problem is recognised, a solution is developed and available in the policy community, a political change makes the right time for policy change, and potential constraints are not severe' (Kingdon 1984: 174). Clearly the media can be an important player in the process of agenda setting, an issue we will discuss further in Chapter 9.

Policy discourse as problem construction

In contrast to the issue identification view of agenda setting, the social construction perspective sees policy work as 'a problematising activity' (Rose and Miller 1992: 181) in which social phenomena are 'named' and 'framed' as a part of the policy process. Hal Colebatch puts it another way, suggesting that the term 'policy' '[f]rames the action rather than simply describing it: it labels what we see so that we can make sense of it in a particular way' (1998: 11). Carol Bacchi makes a similar point, arguing that the way in which governments speak about social 'problems', and their proposed solutions to these problems, gives social issues a particular shape, or what she calls 'problem representations' (1999). Fischer and Forester (1993) have called this 'the argumentative turn in policy analysis' (see also Fischer 2003).

The constructivist or interpretive view of policy 'problems' recognises the importance of policy discourse in framing a political issue. Discursive policy processes have far-reaching implications, as Murray Edelman has argued:

Problems come into discourse and therefore into existence as reinforcements of ideologies, not simply because they are there or because they are important for well-being. They signify who are virtuous and useful and who are dangerous and inadequate, which actions will be rewarded and which penalized. They constitute people as subjects with particular kinds of aspirations, self-concepts, and fears, and they create beliefs about the relative importance of events and objects. They are critical in determining who exercise authority and who accept it. They construct areas of immunity from

concern because those areas are not seen as problems (1988: 12–13).

Edelman's discussion of this issue foregrounds the fact that the identification of policy issues is not a value-neutral activity; it is both reinforcing of existing ideologies and concerned with the actual construction of the policy problems. Frank Fischer has outlined the four key arguments that interpretive or constructivist theorists make against the idea of value neutrality:

1. The concept of value neutrality is itself a value orientation, as it has implications and consequences for evaluation.
2. Every political action has a purpose and is based on a particular point of view, therefore any analysis of a political 'problem' is unavoidably based on a value orientation.
3. There is no language available for the evaluation of social issues that is value neutral, as language is itself a construction of the social world.
4. The very process by which social scientists and policy workers establish the concepts to be used in their analysis of particular actions, situations or events is based on implicit value judgments (1995: 13).

Language is important to understanding policy work as the construction of social problems. Understanding the ways in which language is used in policy making is helpful in that it reminds us that how we name and label particular issues and identities is a deeply political act (Bessant *et al.* 2006: 305). As Gill and Colebatch point out, 'What terminology is used becomes important because it frames the way in which an issue is thought about' (2006: 258). This leads to concern over control of the terminology, as a change in the terms of policy may in fact change the direction or orientation of the policy response. For example, the way in which 'equality for women' has become 'gender equality' in policy discourse has functioned to both obscure women as a group and marginalise feminist policy advocates from the policy process. In a similar way, we can explore the ways in which discourse about paid maternity leave has changed over time, as suggested in Table 6.1 below.

The discursive construction of issues and problems may often be invisible to us unless we pay specific analytical attention to these processes. Asking questions about the sorts of justifications being used

TABLE 6.1: Paid maternity leave: What's the problem?

As industrial entitlement	'We strongly support . . . a national paid maternity leave scheme that we believe should sit firmly within the industrial relations framework, along with entitlements to long service leave and holiday pay and so forth.'	Marie Coleman, National Foundation for Australian Women (ABC 2008b)
As welfare	'[Paid maternity leave is] middle class welfare.'	Former Howard Government Finance Minister Nick Minchin (2002)
As discrimination against stay at home mothers	'[The concept of paid maternity leave] discriminates against women who sacrifice advancement in their careers to give their babies the much needed bonding they deserve.'	Christian group the Salt Shakers (2002)
As recognition of women's social and economic contribution	'The growing dependence of the Australian labour market on women's contribution should be met with recognition that their physical responsibility for pregnancy, birth and early feeding and care should be supported through appropriate opportunities for paid rest in late pregnancy, to recover from birth, and to establish breast feeding.'	Work+Family Policy Roundtable submission to the Productivity Commission Inquiry into Paid Maternity, Paternity and Parental Leave (2008)
As good for child and maternal health	'One of the basic objectives of paid maternity leave is to ensure the health and welfare of mothers and newborn children.'	Human Rights and Equal Opportunities Commission (2002)
As good for economic productivity	' . . . paid parental leave is not a soft or marginal issue, it's an economic imperative.'	National Secretary of the Construction, Forestry, Mining and Energy Union, John Sutton (2008)

(continued)

TABLE 6.1: (Continued)

As a benefit to employers	<p>‘Paid maternity leave is increasingly seen by employers to benefit their organisation by:</p> <ul style="list-style-type: none"> • increasing the number of employees returning to work after maternity leave; • reducing recruitment and training costs; • improving staff morale and productivity; • providing a cost-effective means of retaining skilled staff; and • improving organisational efficiency through the benefits of long service, eg, institutional memory, industry knowledge, networks and contacts. 	Equal Opportunity for Women in the Workplace Agency (2008)
As a burden for small business	‘... as an advocate for paid maternity leave, I’ve always said any national scheme should not impose a financial or administrative burden on employers, particularly small businesses, which are big employers of women.’	Federal Sex Discrimination Commissioner Elizabeth Broderick (2008)
As a human right	‘The ACTU and the union movement believes that paid maternity leave is a fundamental human right that should be provided to all mothers.’	Australian Council of Trade Unions (2008)
As a redress for gender inequality	‘Paid maternity leave is not about being nice to working women, it is about addressing the inequality experienced by women workers relative to men as a result of childbirth.’	Federal Sex Discrimination Commissioner Elizabeth Broderick, president of the ACTU, Sharan Burrow, and chief executive of the Australian Industry Group, Heather Ridout (2008)

to explain policy making is important in this regard. Policy workers should be alert to asking:

- What is the problem being named?
- What is omitted from this formulation?
- For whom is the problem a problem?
- Which interests benefit from the prevailing definition of problems?
- Which actors are presumed to be part of this problem?
- How do the names and categories being used direct attention to solutions?
- How are exclusions being explained? (Considine 2005: 74).

Understanding the way language is used to name, frame and explain policy ‘problems’ is a key task for all policy workers.

Policy discourse as gatekeeping

In day-to-day policy work public servants in the bureaucracy conduct much of the everyday business of governments. They have a form of delegated power that allows them to substantially influence the selection and construction of policy problems and to propose solutions to these problems. Their authority rests in large part on their perceived expertise in their field. David Adams has suggested that ‘knowledge’ has become the ‘modern currency of public policy’ – what he calls ‘the creed of expertise’. Adams argues that this creed is based on modern-day assumptions about effective public administration privilege, expert knowledge and management knowledge, which together organise information that meets the ‘standards’ of expertise and rationality (2004: 29–30). One of the more significant impacts of the creed of expertise is the way in which it influences the filtering of information into the policy process. Certain types of information – expert, professional – is valued over other types – local, experiential – and this in turn affects the way that problems are identified and understood. As Frank Fischer has argued, ‘The authority of the expert... ultimately takes precedence over the democratic exchange of opinions’ (1995: 12). In this way policy expertise can function as gatekeeping in terms of agenda setting and issue identification.

The language of economics has become a particularly influential gatekeeper in recent years. The influence of economic expertise is evident in the Australian Government’s response to climate change.

While environmentalists and scientists have been expressing concern about the problem of climate change for many years, the Rudd Government chose to wait for the findings of a report it commissioned from economist Ross Garnaut, before determining its policy response to the climate change issue.

Gatekeeping: An insider's perspective

Bradley Smith

For the past decade I have worked on both sides of the intersection between politics and lobbying as a political staffer and in peak representative and advocacy organisations in higher education, science and research.

Unless you have worked in politics, it is hard to really appreciate the sheer number and diversity of organisations that politicians and their staff interact with each day. One thing such groups have in common is a passionate belief that their interests and concerns are under-resourced and (uniquely) critical to the nation's welfare. Many of course do have a point, but will not be successful in making changes in public policy. The reality is not all interests can or should be supported; just because you think X is really important doesn't mean that adopting it is good politics or good public policy.

Part of the problem – and I see this so often in the higher education sector from Vice-Chancellors down – is that too much advocacy starts with the urge to explain *why* their research or organisation is ever so important. But 'Why' is often perilously close to being a (mere) assertion of worth, importance or specialness. Far better to start with explaining 'How' your work is important, because it addresses, with concrete examples, one of the most important foundation questions for all other advocacy work: 'What does Australia gain from the public investment in (in this case) higher education or research?'

This sounds simplistic but it goes to a real problem of the disconnect between the competing rationalities of politics, administration and public policy on the one hand, and academia, science and research on the other. One way of thinking about this is to remember that academic culture, particularly research, is typically deeply grounded in disciplinary knowledge. But politics and public policy are focused on socio-economic objectives. From that perspective, disciplines are at best an input but usually irrelevant.

That means there is often a 'relevance' gap between politics and research that researchers really need to think deeply about. Some scientists have been very successful at cutting through that gap; the Wentworth group remain an excellent case study and there is an almost seamless intersect of public, political and research interests in much medical research.

The key leap that advocacy needs to make if it really wants to make a difference is to understand that it is not sufficient for something to be a problem to warrant political interest, let alone political interventions.

Let us not be too cynical – sometimes political decisions are made because it is the 'right' thing to do. However, a problem will usually only get serious attention when it can be shown that the problem is a problem for politicians. That is, it affects their key constituencies and thus ultimately their election prospects. When groups can demonstrate that their concerns are really a problem for politicians – then the prospects of attention and action are pretty high.

Despite concerns about gatekeeping, however, policy expertise is an important aspect of policy work. It takes time to develop depth and breadth of knowledge in a particular policy area. This may be knowledge gained through a university education or, as is often the case, once on the job. Regardless of how it is developed, however, valuing policy workers' expertise in a particular portfolio area, including knowledge of past policy successes and failures, theoretical knowledge about a particular field, and comparative knowledge of that policy area in other jurisdictions and over time, ensures that policy workers are seen as more than just technicians or managers. The question, however, is about what sort of expertise is relevant. Expertise, as Hal Colebatch (2002: 29) points out, is not 'generic and free-floating' but has a particular focus, whether that be health, welfare or transport. Just as the identification of a policy issue has a role to play in 'constructing' that issue as a social 'problem', so too does a body of expertise contribute to the framing of a policy issue in a particular way. What expertise is available in a particular policy area may determine what questions are asked, what analysis is undertaken and eventually what policy is developed (O'Faircheallaigh *et al.* 1999: 77). So, for example, the issue of 'binge drinking' can be seen as a public health issue and thus draw on medical expertise, as an issue of social welfare for the individual and draw on therapeutic and counselling expertise, or an issue of public order and draw on law and

order and social control expertise (Colebatch 2002: 28–30). The policy outcomes may be quite different, depending on the expertise brought to bear on the question.

Yet despite the important role that expertise must play in policy work, there are concerns that the delegate authority available to bureaucratic policy workers on the basis of their presumed expertise may be at odds with the demands of a democratic policy process. Bureaucrats are not elected representatives and they may often have agendas that depart from public interests and preferences (Fung 2006: 679), yet their influence is substantial. However, there is some evidence to suggest that the ‘knowledge failures’ produced by the creed of expertise has sent politicians seeking ‘usable knowledge’ from elsewhere (Adams 2004: 41), most notably in the form of public opinion. The tension between the influence of the policy expert and the influence of the popular voice in politics is considered in the next section.

Policy discourse as politics

The hard political edge of the policy process rests on the unavoidable reality of the popular vote. While many politicians speak derisively of ‘populism’ they nonetheless want to ensure that the policies for which their government is responsible are popular enough to see them re-elected. The selection of policy ‘problems’ and the solutions developed by political parties must always be understood in this context. As Parsons has suggested, the study of policy should focus on ‘the way in which symbols are manipulated in order to shape the composition and distribution of values and exploit the sense of personal insecurity in citizens’ (Parsons 1995: 178).

Case study: Who isn’t a working family?

We’ve been hearing a lot about ‘working families’ over the past year . . .

Who are these working families? And why are we hearing so much about them? Even before the Rudd ascendancy, then Labor leader Kim Beazley was talking of the ‘fairer, more prosperous future’ that ‘working Australian families deserve’. Similarly, the ACTU’s successful anti-WorkChoices campaign focused on ‘working families’ rather than merely ‘workers’. Rudd Labor’s election campaign was awash with references to

them. Labor made much of then PM John Howard's confident declaration that under his government 'working families had never been better off'. In the October 2007 leaders' debate with Howard, Rudd mentioned these families an astonishing 21 times.

... Ultimately politics is about convincing electors to imagine themselves as a member of a group holding shared values and interests with people they haven't met and are unlikely to ever meet and to vote accordingly. If the 2007 election is any guide, Labor's creation of the working families' constituency was a successful attempt at doing so.

In fact 'working families' is the latest in a long line of rhetorical appeals to the middle ground or swinging voters of the Australian electorate based upon the politics of grievance. As Opposition leader, Howard cultivated his anti-Keating set of 'battlers'. Howard's political hero Robert Menzies famously appealed to the 'forgotten people' in the face of post-war Labor's alleged socialism. (Before 'working families', Beazley unsuccessfully deployed 'Middle Australia'.)

'Battlers' and 'Forgotten People' are, of course, not meant to be 'battling' or 'forgotten' once a leader has been in power for a while. Howard and Menzies eventually dropped such references.

In the late 1990s Howard spoke of a new but decidedly less romantic grouping called the 'aspirational'; aped, unsuccessfully, by Mark Latham. Yet when Howard abandoned his previous policy pragmatism and implemented the unmandated WorkChoices in 2004, Labor's talk of working families somewhat predictably filled the void. On top of the WorkChoices threat to their living standards and family time, Labor's working families allegedly faced rising interest rates – despite assurances that they would be kept at record lows – together with rising grocery and petrol prices.

Some have suggested that Labor's cultivation of working families is merely a crude import from America via the ACTU's campaign adviser, the pollster Vic Fingerhut. They are wrong. Labor's appeal to this cross-class grouping is as old as the party itself. It reflects the reality that Labor has always had to appeal to a constituency wider than a narrow band of manual workers while at the same time not alienating that base.

When the Labor Party was in its infancy, endless populist appeals were made to the 'struggling woes' of 'the people' or the wealth 'producers'. In 1910, for example, Labor argued that a Liberal victory meant that big business would 'continue their grip on Australia, on the throats of the working class, and on the producers generally'. Indeed there was a large body of opinion in favour of calling the emergent party 'The People's Party' rather than 'Labor'.

The political beauty of such rhetorical appeals is that their meaning is very much in the eye of the beholder. Virtually anyone can think of themselves as a battler or as holding aspirational values or as a producer. So it is with working families. Working families crosses the divides of class, age and geography. It encompasses the single income family of a white-collar manager and a double income blue-collar family. Perhaps the better question to ask is who isn't a working family?

Adapted from Dyrenfurth (2008)

Of course, a populist approach to politics is not the only means by which the popular voice can participate in the policy process. Nevertheless, there is an unresolved tension between the creed of expertise and the demand of the popular voice in the field of policy studies (Fung 2006: 669). An awareness of this tension is important for those concerned with creating and participating in a *democratic* policy process.

Conclusion: Democratising the policy process

There is a challenge for policy makers in finding the right balance between expert administration and participatory policy processes. In many cases the political apparatus designed to govern well without requiring too much from citizens who may be uninterested or unwilling to participate exhibits what Archon Fung has described as some 'acute failures' (2006: 670). These failures – also known as the 'democratic deficit' – are part of what Barry Hindess has described as the 'normal condition of representative government'. Hindess argues that the acceptance of representative government has an essential contradiction at its heart in that the institutions of representative democracy, including elections, political parties, representative assemblies and bureaucracies, also make a direct contribution to the deficit in that they have the effect of excluding the people from the practical work of government (Hindess 2002: 33).

John Dryzek contends that discourse analysis alone is not enough, and argues that policy workers must extend their endeavours beyond analysis to critique. Analysis might 'lay bare the dominant discourses in a policy area' but then go on to conclude that 'this dominance is immutable'. Dryzek insists that policy workers must concern themselves with more than just description and explanation; they must also hold

the results of their analysis up to critical standards (2006: 195), and goes on to outline specific tasks for the policy analysts concerned with critique:

- explication of dominant meanings in policy content and process
- uncovering suppressed or marginalised meanings
- identification of what Lindblom (1990) calls ‘agents of impairment’ that suppress alternative meanings. These agents might include ideologies, dominant discourses, lack of information, lack of education, bureaucratic obfuscation, restrictions on the admissibility of particular kinds of evidence and communication, and processes designed to baffle rather than enlighten.
- identification of the ways in which the communicative capacities of policy actors might be equalised
- evaluation of institutions in terms of communicative standards
- participation in the design of institutions that might do better
- criticism of technocratic policy analysis. Even ostensibly useless technocratic policy analysis draws on and reinforces a discourse of disempowerment of those who are not either experts or members of the policy-making elite. The cumulative weight of such analysis may reinforce the idea that public policy is only for experts and elites (Dryzek 2006: 200).

These tasks are the work of critical policy analysis and in the second half of this book we will consider in greater detail the skills required to be effective in this work.

Questions for discussion

1. Can you think of an issue that in your view should be on the policy agenda but is not? What do you think has stood in the way?
2. Which groups in the community do you think are more successful than other groups in getting the issues of concern to them onto the policy agenda? Why?
3. Can you think of a recent policy debate in which language has played an important role in changing the sort of policy response that was developed? What happened?
4. Examine Table 6.1, then do some research of your own and see if you can construct a similar table on another ‘problem’.
5. What practical challenges can you foresee for policy workers engaged in the sort of critical policy analysis that Dryzek proposes?

Further reading

Bacchi, C. (1999), *Women, policy and politics: The construction of policy problems*, Sage, London.

Fischer, F. (2003), *Reframing public policy: Discursive politics and deliberative practices*, Oxford University Press, Oxford.

Kingdon, J. (1984), *Agendas, alternatives, and public policies*, Little Brown, Boston.

PART

2

POLICY IN
PRACTICE

WHO DOES POLICY?

The work of policy analysis and development is varied and multifaceted. It is rare that any one person, or even any one organisation, is responsible for the identification of a particular problem, the generation of an original solution, the development of a specific proposal and the creation of the necessary support required to see a new policy implemented. These multiple layers of ‘policy making’ allow for a wide range of individuals and organisations to participate in the policy process. While the skills and knowledge required to contribute to different elements of the process may differ, an awareness of other participants is likely to be of use to all involved, if only to ensure that they develop the necessary relationships to ensure that their contribution is supported by others.

This chapter builds on the typology developed in Chapter 5 in order to provide an overview of the actual roles of those involved in ‘doing policy’. In Chapter 5 the abstract roles of policy researcher, policy promoter, policy designer and policy gatekeeper were discussed, but in practice such jobs are never advertised and few in the policy community would identify themselves as performing only one of those functions. In this chapter we describe the actual work of some of the main policy occupations, such as politician, adviser and academic, and in doing so highlight the variety of roles that can be played by individuals in each of those positions.

While it is possible for an individual to steer a policy from inception to implementation, such examples are the exception. So although this chapter will highlight the role played by different individuals, it is important to note that the most successful policy interventions are likely

to be achieved by individuals and organisations working collaboratively in the sorts of policy communities and policy networks that were also discussed in Chapter 5. Further, it is important to emphasise that successful policy formulation may sometimes rely on the fact that the nature and extent of such cooperation may need to be concealed. While some individuals may seek public recognition for their contribution to policy formulation, there are many others whose success is a function of their discretion.

This chapter provides an overview of the roles played by individuals and organisations with different strengths, skills and motivations. It begins with an examination of the roles played by politicians who have the capacity to directly decide on policy and then moves on to provide an overview of the others who may seek to influence such decisions. The chapter concludes with an analysis of the way different policy actors interact to form policy communities and networks.

Politicians

As we saw in Chapter 1, politicians who are members of a government, and prime ministers in particular, have a unique capacity to influence the policy process. As long as they can persuade their colleagues to vote with them in parliament, and as long as they are proposing legislation that is constitutional, politicians are relatively unconstrained in their capacity to introduce new policy, at least until the next election. Politicians most commonly perform the roles of policy promoters and they are the ultimate policy gatekeepers.

Nevertheless, the introduction of some policies, such as the Carbon Reduction Trading Scheme (CRTS) or the Goods and Services Tax (GST), requires a substantial amount of ‘policy work’ before they come anywhere near the parliament. Preparatory work will include research and data collection, public consultation, analysis and advice, and the drafting of the complex regulations needed to oversee complex systems. Consideration will also have to be given to the complexity involved in implementing a new policy, as discussed in the next chapter. For example, when the GST was introduced more than one million small businesses had to register their details with the Australian Tax Office, learn how to collect GST, learn how to pass the GST on to the Tax Office, and install the necessary computer and administrative systems

(see Institute of Company Directors 1999). The implementation challenges of a CRTS will be similarly large (see Australian Chamber of Commerce and Industry 2006). In cases such as these, while an individual politician may adopt a leadership position for ensuring the passage of the policy change, the final policy, by necessity, will have been influenced by a large number of individuals and organisations.

In some instances, however, a policy decision may genuinely be made by either the Prime Minister or Cabinet, with little input from others. As described in the box below, former Prime Minister John Howard once admitted that he had not even consulted with his Cabinet colleagues about a decision to spend \$10 billion on his plan for the Murray River.

Case study: John Howard saves the Murray River ...

On 25 January 2007 the then Prime Minister, John Howard, announced an historic \$10 billion plan to save the Murray–Darling River. Having described the problem of water allocation in the Murray–Darling Basin as ‘one of our greatest national challenges’, Mr Howard went on to outline his plan to spend \$10 billion buying water back from farmers, investing in new irrigation infrastructure, providing compensation to farmers and abolishing the joint Commonwealth–State management strategy in favour of an approach in which the individual states would cede their responsibilities to the Commonwealth. In Howard’s words, ‘This 10 point plan opens a new chapter of national water management in Australia. It is a large but prudent investment.’

While the Prime Minister’s plan for the Murray showed leadership and decisiveness, it is unclear how much attention was paid to the formal policy process in the development of this initiative. For example, it was revealed some weeks later that, despite the size of the plan, even the Cabinet did not see the proposal before it was made public. The Secretary of the Department of Finance said that he was only asked to ‘run an eye lightly over the costings’ (Peatling 2007).

On learning of the Cabinet’s failure to consider the scheme the then Premier of Victoria, Steve Bracks, whose support was an essential precondition for the scheme’s success, stated, ‘The more we learn about it the more concern we have. Today we learnt this matter hasn’t gone to federal Cabinet. Can you believe that? One of the most significant issues facing the nation in relation to the Murray–Darling Basin ... has not gone to Cabinet’ (Peatling 2007).

While such an approach to government decision making is the exception rather than the rule, there is little doubt that prime ministers are able to exert significant individual influence on a wide range of policy areas without reference to advisers or public servants. For example, on 'social' issues, such as euthanasia and same-sex marriage, prime ministers can significantly influence policy simply by denying others, both within and outside their government, the parliamentary opportunities to address such issues (for examples see discussion in Brough 1997, ABC 2004). Alternatively, on 'moral' issues such as abortion, euthanasia and capital punishment, the so-called 'life and death issues', the prime minister (or leader of another party) can allow a 'conscience vote'. As a general rule, however, a conscience vote is not allowed where policy on an issue has been determined during debate in the party room (McKeown & Lundie 2003: 2).

There are some circumstances where Cabinet will necessarily make a range of important judgment decisions without reference to many external sources of advice. Issues of foreign policy or 'national security' tend to fall into this category when it is viewed that public debate on an issue would pose an unacceptable risk. The decision to participate in the war in Iraq, for example, was, by necessity, made without wide consultation.

Non-government politicians

It is important to distinguish between politicians in general and members of a government. At any point in time nearly half of the lower house of a parliament and usually more than half of an upper house of parliament will be composed of politicians who are not members of the government. While members of opposition and minor parties and independent members of parliament have significantly less influence over the policy process than members of the government, their roles as policy promoters and policy gatekeepers should not be neglected, especially when the government of the day does not enjoy a majority in both houses of parliament.

Non-government members of parliament have the ability to influence policy in a number of ways. For example, they can:

- vote on legislation, which in upper houses can often be essential for the passage or defeat of a Bill
- introduce amendments to legislation

- participate in parliamentary committee and inquiry processes
- influence public opinion.

While prime ministers may be able to use their control over their own parties to prevent debate around some issues, they do not have the power to prevent members of other political parties raising those same debates in parliament. When their influence is used strategically, non-government members of parliament have the capacity to make a significant impact on individual policy decisions. For example, the case study below discusses the impact of Greens Leader Senator Bob Brown's campaign to introduce non-sniffable petrol into remote Indigenous communities.

Case study: The introduction of Opal fuel

In August 2005 Australian Greens Leader, Senator Bob Brown, began a campaign to end petrol sniffing in remote Indigenous communities in Central Australia. After a visit to the region he formed the view that the then Government's approach to the limited distribution of non-sniffable petrol to larger towns and communities in the Northern Territory was ineffective.

Senator Brown's proposed policy solution to the deaths and disability being caused by petrol sniffing in remote communities was to extend the availability of the non-sniffable petrol, known as 'Opal fuel', that had been developed by BP. The estimated cost of this expansion in the availability of Opal was \$8 to \$10 million per year (Brown 2005). The then Government's initial response to the call for a wider rollout of Opal was dismissive, with the then Minister for Indigenous Affairs, Senator Amanda Vanstone, arguing, 'Reducing the supply of sniffable petrol . . . is not an answer in itself' (quoted on news.com.au 2005).

As an alternative to broadening the rollout of Opal fuel, the then Health Minister, Tony Abbott, instead launched an information kit designed to educate people about the dangers of petrol sniffing (ABC 2005). He also opposed government funding for a wider rollout of un-sniffable petrol, stating, 'The Government does want to make Opal or un-sniffable petrol more widely available, but this is not a problem that government on its own can solve. If people are hell-bent on self-destruction, they will find ways of acting self-destructively, regardless of the availability of petrol' (quoted in Haywood 2005).

In explaining his opposition to a wider rollout of Opal fuel, then Minister Abbott argued that governments did not have the power to compel petrol stations to sell non-sniffable fuel, stating, 'I am not sure I do have the power to simply dictate that

various communities around the country will use a certain sort of petrol' (ABC 2006a). As public support for the increased rollout of Opal fuel continued, however, the then Government began to change its mind, with Tony Abbott stating, 'I certainly want all of the outlets in central Australia to be Opal outlets' and 'If all else fails, well plainly we'll talk to the states and territories about what might be necessary to make it compulsory' (ABC 2006b).

Bob Brown's advocacy on this issue paid off when Abbott issued a press release in June 2007 entitled 'Opal Fuel Effective Against Petrol Sniffing', which stated that 'New evidence shows the introduction of non-sniffable Opal unleaded fuel throughout Central Australia is proving effective in combating petrol sniffing' (Abbott 2007).

Advisers

The term 'advisers' is used here to describe the members of a politician's personal staff who are employed to provide direct advice on a range of policy, political and communications issues. All politicians have 'staffers' who report directly to them, with party leaders and ministers having more staff than the more junior politicians known as 'backbenchers' (see Tiernan 2007). Australia has led the world in the introduction, growth and reliance on personal advisers by ministers and other members of parliament, a trend beginning under Prime Minister Gough Whitlam as part of an explicit policy to reduce the influence that government departments had over their ministers (see Edwards 2002a; Russell 2002).

The former Secretary of the Department of Prime Minister and Cabinet, Dr Peter Shergold, suggests that advisers enhance the professionalism and independence of the public service by ensuring that the *political* analysis of various courses of action can be ignored by public servants. Shergold describes the importance of political advisers as deriving from governments' need 'to feel that there is a small core group of people who, unlike public servants, are committed to their political perspective, working for *them*' (Shergold 2006). It is important to note that while public servants are employed under the *Public Service Act 1999* (Cth), and are required to conform to an explicit code of conduct (see below), political staffers are employed under the *Members of Parliament (Staff) Act 1984* (Cth) and face no such obligations to act in the public interest or to be accountable to the parliament.

While this clear demarcation in the role of public servant and adviser is questioned by some (see Tiernan 2007; Alsop 2007), it nevertheless provides a useful insight into the role of advisers in the policy process. Advisers play an important role in helping politicians to analyse, interpret and prioritise the policy analysis and advice that is presented by the public service, interest groups and the electorate more generally. That is, they work predominantly in the roles of policy gatekeepers, policy researchers and sometimes policy designers. As ‘backroom’ operators, advisers rarely perform the role of policy promotion, rather they have the capacity to influence the policy process in a number of ways. They can, for example:

- conduct their own research and provide direct advice to key decision makers
- influence the policy and political context in which the advice of others is considered
- influence, or even determine, the individuals or organisations that are given the opportunity to provide advice to key decision makers
- influence the priorities attached to policy proposals, and
- actively participate in negotiations with other politicians from all political parties.

Public servants

There are approximately one million public servants at the state and Commonwealth level in Australia who carry out a wide range of roles ranging from the direct provision of services to the conduct of highly abstract scientific research. The objective of this section is to provide an overview of the various roles played by public servants in the policy formulation process.

Values in the Australian Public Service

The Australian Public Service Commission (APSC) is responsible for promoting good practice in the Commonwealth public service, guided by values which stress that:

- the APS is apolitical, performing its functions in an impartial and professional manner
- the APS has the highest ethical standards

- the APS is openly accountable for its actions, within the framework of ministerial responsibility to the government, the parliament and the Australian public
- the APS is responsive to the government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the government's policies and programs
- the APS delivers services fairly, effectively, impartially and courteously to the Australian public and is sensitive to the diversity of the Australian public.

(Australian Public Service Commission (2002)
and the *Public Service Act 1999* (Cth), s 10)

The values outlined above were selected from the full list of 15 values provided by the APSC on the basis that they are the most relevant to the policy role of public servants. It is important to note that while the phrase 'frank and fearless advice' is not used, the sentiment is quite evident. It is also important to restate that while political advisers are in effect 'public servants' (in that they are paid by the taxpayer), they are generally employed under contracts that are specific to their role, and, unlike public servants more generally, there is no expectation that political advisers are to be politically impartial. Indeed, the expectation is that they will be anything but.

Frank and fearless advice

It has long been held that the role of the public service is to provide 'frank and fearless' advice to the government of the day. Worryingly, however, there have been recent suggestions that the values and cultures associated with New Public Management and associated changes in Australian political culture have undermined this tradition (see MacDermott 2008; Barker 2007; Weller 2001).

The necessity for frank and fearless advice is the reason that public service positions are intended to have a high level of job security; bureaucrats should not fear the loss of their jobs through the provision of critical or unpopular advice. It is also for this reason that bureaucrats are expected to be apolitical in their views. Their job is to serve the government rather than the party that is in government, and they should provide frank and fearless advice even when it might conflict with the government's known views or ideology. In sum, the role of the public servant is to tell politicians what they *need* to hear, not necessarily what they might *want* to hear.

Like political advisers, public servants perform a multifaceted function in the policy process. Their tasks range from conducting original research and generating policy options to developing the forms that citizens need to fill in to access a service. Within the framework outlined in Chapter 5 they work across the same range of roles as advisers, namely policy gatekeeper, policy researcher and policy designer, but to differing extents. For example, public servants are less likely than advisers to act as explicit gatekeepers, but more likely to work on policy design.

Importantly, while the parliament may make policy in the sense that it passes legislation, some public servants, such as statutory officers, may also be involved in explicit policy making under some form of delegated authority from the parliament. Further, public servants may also be directly responsible for decision making on a wide range of process and funding issues. While such decision makers are ultimately answerable both to their minister and to the parliament, there can be little doubt that some senior public servants play a direct role in policy making, while other public servants influence the policy decisions made by ministers.

Prime Minister Kevin Rudd on the importance of the public service in the policy process

The work of the APS is . . . crucially important to the Government. I understand the vast difference made by good policy design, implementation and service delivery, having worked myself at both the Commonwealth and state levels . . .

Just look at the policy challenges that Australia faces over the next decade and beyond. It's the Australian public service that will lead the nation's response to these great challenges. The challenge of setting up an emissions trading scheme, and beginning the transformation to becoming a low carbon economy. The challenge of implementing an education revolution extending from early childhood to schools, apprenticeships, universities and postgraduate research – to prepare a new generation with skills and competencies that employers will be looking for decades from now. The challenge of reshaping Australia's sprawling health care system to meet the demands of an ageing population with changing health problems.

I would contend that the Australian public service offers the most stimulating and challenging job opportunities that you could imagine. And that's the career

environment I would like to create for you – our public policy professionals of the future. A public service that is characterised by excellence – by policy innovation, by policy creativity, by policy contestability, by long-term policy planning and by a parallel commitment to excellence and innovation in how we best deliver services to the Australian community . . .

So let me say very clearly that the Government recognises that we cannot deliver our vision for a modern Australia without an APS that is committed to excellence in policy design, policy implementation and service delivery (Rudd 2008).

Central agencies and line departments

State and federal governments in Australia are structured on the principle that individual ministers are primarily responsible for the development and implementation of policy within their portfolio. Government departments with responsibility for a specific portfolio are known as ‘line departments’ or ‘line agencies’.

The need to oversee the relationship between expenditure across line departments and the revenue collected by the government, combined with the need to ensure that the policies in individual departments are coordinated, has led to the development of ‘central agencies’ such as the Department of Prime Minister and Cabinet (or Premier and Cabinet at the state level). The role of central agencies such as these is to ensure that a ‘whole of government’ approach to policy is adopted. Other departments, such as Treasury and Finance, are also central agencies with specific obligations for managing the economy as a whole and ensuring the efficient expenditure of public money.

Coordination is crucial to the work of government, to ensure that their work is both coherent and consistent (May *et al.* 2006: 381), or so that ‘the left hand knows what the right hand is doing’ and the government can ‘maintain policy coherence and overall consistency with the government’s strategic goals and directions’ (Keating 2004: 168). Policy incoherence can send ‘confusing messages to potential policy targets’ (May *et al.* 2006: 381), thereby undermining the political capacity and authority of the government as a whole. Central agencies are vital to the task of policy coordination.

The role of a central agency

The role of the Commonwealth Department of Prime Minister and Cabinet is:

- To ensure that policy proposals put to the Prime Minister, other ministers in the portfolio, and to Cabinet are developed in a coherent, informed and coordinated fashion.
- Where directed, to coordinate the administrative response to Government policies and decisions, recognising that ministers are responsible individually for the administration of their departments and collectively for matters decided by Cabinet.
- To provide services to the Prime Minister and to the Government to enable the business of government to be managed in an efficient, effective and coordinated manner.
- To monitor the implementation of the Government's objectives where charged with doing so in particular areas such as science and technology policy and access and equity.

(The Department of Prime Minister and Cabinet 2008b).

Academics

Academics have significant capacity to participate in the policy process, although most universities acknowledge the need for this process to be better targeted. The results of underlying or applied research can be an important resource for politicians, advisers and public servants in search of evidence of the failings of an existing policy or looking to inform the development of new policy options. There are, however, a number of significant barriers to the dissemination of academic research through the policy community (see Macintyre 2007).

The first barrier is that the preferred publication vehicle for most academics is the peer-reviewed academic journal. While these journals have strong systems in place to ensure the quality of the research, the quality processes themselves ensure that there is a long lead time between the conclusion of research and the publication of the findings. Second, by necessity academic journals are highly specialised, and have relatively low readership. Low readership places pressure on publishers to charge very high prices for subscriptions, which in turn makes it difficult for those without access to academic

libraries to access the material. Most journal articles are not freely available online.

A third barrier to increased participation by academics in the policy process is the formal and informal mechanisms for judging academic performance. While publication in refereed journals is viewed highly, participation in public debates is often viewed as advocacy, which in turn may lead to the conclusion that an academic has lost their objectivity. Conversely, however, should this view of 'objectivity' deter academics from informing politicians and the wider public of their research findings, then it would seem probable that universities would in fact be precluded from effective participation in the policy process.

Despite the barriers mentioned above, academics have made a significant contribution to the policy process (see Denniss 2007). While the preferred publication option for academics impedes the dissemination of academic research among policy makers, other forums (such as parliamentary inquiries, conferences, workshops and roundtables), and other publication vehicles (such as newspapers, magazines and trade journals), provide a more direct, and more effective, mechanism for influencing policy debates.

Think tanks

A think tank is a research organisation whose objective is to influence the policy process through the provision of information and ideas, either directly to government or by informing the community more generally. Most think tanks in Australia are established as research centres within universities, for example the Social Policy Research Centre (SPRC) at the University of New South Wales or the National Centre for Social and Economic Modelling (NATSEM) at the University of Canberra. Research centres such as these tend to be funded through a mixture of contract research and research grant. There are also a significant number of privately funded think tanks in Australia, some of the larger ones being the Centre for Independent Studies (CIS), the Institute for Public Affairs (IPA) and The Australia Institute. One recent estimate suggests that there are 14 think tanks in Australia (McGann 2005), but others have suggested the number is substantially larger (Cahill 2008). In a comprehensive analysis of think

tanks Marsh (1994) identified 91 think tanks operating in Australia. The disparity in these estimates can be interpreted as evidence of the difficulty in precisely defining what a think tank is.

Think tanks are likely to have quite different interests, resources and objectives, but a shared theme appears to be the desire to introduce research and ideas into the public policy process with a view to influencing the outcome of that process. Measuring and understanding the impact of think tanks is difficult, however, as Ian Marsh has suggested:

[t]he complexity of the policy-making process and the absence of clear benchmarks for effectiveness complicates the task of assessment. Think tanks are one institutional actor in a complex system made up of a variety of organisations and processes. It is no easy task to determine the contribution of particular actors to particular outcomes or to judge the adequacy of a whole system. (1994: 191)

While it may be difficult to quantify such impact, it is possible to describe it. For example, after seven years as research director of one of Australia's largest think tanks, the CIS, Peter Saunders reflected on his achievements. He cited his influence on the way that poverty was now measured and discussed in Australia, as well as his work on highlighting what he saw as the negative consequences of government policies that 'churn' money between taxpayers and welfare recipients (see Duffy 2008). Certainly Saunders emerged as an influential, if controversial, voice in policy debates on welfare reform in Australia during his time at the CIS.

The existence of think tanks can be seen as evidence of a non-linear policy process. That is, rather than specialising in a particular element of the policy cycle, think tanks generally bring together a combination of skills, especially research skills, communication skills and advocacy skills, with the objective of producing research and policy materials that will influence the outcomes of policy debates. While academic researchers generally write for an academic audience, think tanks more commonly target journalists, politicians and the public. There is no step in the policy cycle for which think tanks are uniquely suited. Rather, their role is best described as bringing the roles of policy researcher, policy designer and policy promoter together under one roof. Think tanks do not really perform the role of policy gatekeeper except to the

extent that their research and analysis is used to undermine the policy positions of others.

Interest groups

The term ‘interest group’ is used here to describe organisations whose role it is to represent the interests of their membership. Interest groups include, for example, community organisations, business groups, unions and professional associations. Interest groups can provide services ranging from the provision of information and training to members to issuing indemnity insurance and monitoring regulatory compliance. At times, interest groups are also likely to be involved in the development of policy that has the potential to affect their membership (see Warhurst 2006). Interest groups are most commonly involved in the role of policy promotion, but depending on their resources and strategy may also be involved in policy research and policy design.

While interest groups are, by definition, motivated by the interests of their members, their participation in the public policy process is often much broader than would be predicted from a simple model of self-interested behaviour. For example, an interest group concerned with increasing the accountability of government, reducing climate change or increasing expenditure on foreign aid is unlikely to deliver significant benefits to its members, except in the broadest sense – that individuals derive benefit from the pursuit of their passions or beliefs. Interest groups concerned with representing doctors or achieving tax concessions for the fossil fuel industry may genuinely believe that their preferred policy positions will deliver benefits to the broader community, but it can be hard to see beyond the requirement for policies to deliver direct benefits to their members.

While the likely motivations of an interest group need to be considered carefully, even when self-interest is paramount such organisations still have a valuable role to play. First, as self-interested agents within an industry or community, interest groups provide a valuable perspective on both the goals of policy and the implementation issues associated with specific policy instruments. While the views of ‘stakeholders’ can be sought through consultations and submissions (as will be discussed further in Chapter 10), direct conversations with interest groups can provide useful context and

feedback. Second, interest groups can be an important source of expertise. In many instances it can be difficult, if not impossible, to find individuals with specific expertise who do not have vested interests. Finally, as we have stressed throughout the book, the passage of policy from idea to legislation cannot be removed from the political process. While the support of interest groups is not necessary, it is useful to have a good understanding of the likely position that will be adopted by interested parties.

Interaction between policy workers

The previous sections have described the individual roles that policy workers can perform, but as discussed in the introduction, the actual process of policy development is more likely to result from the interaction within and between these groups than from the actions of any individual ‘policy maker’.

As we outlined in Chapter 5, the concepts of ‘policy network’ and the ‘policy community’ have evolved in an attempt to explain how the state interacts with others to develop policy and distribute resources (see Atkinson & Coleman 1992). While there have been many attempts to define who is involved in policy communities and to describe how policy networks work together to achieve change, there is little predictive power in such models. That is, while it is possible to examine the relationships between different actors and their impact on specific policy (see, for example, Hazelhurst 2001, who examines the process of welfare reform in Australia), it is much more difficult to explain, or predict, how and why some networks evolve and why some succeed where others fail.

It is important to note that the clear distinctions between the actors listed above are much less stark in practice for two quite separate reasons. The first analytical problem arises due to the existence of overlap between the various policy roles. For example, an academic may be employed as a consultant to work on behalf of an interest group, or an interest group may have been formed by a political party or another interest group in order to achieve a political objective. An interesting example of the latter is the emergence of ‘astroturf movements’, the term referring to artificially constructed ‘grass roots’ community groups. In the words of Sharon Beder:

When a corporation wants to oppose environmental regulations, or support an environmentally damaging development, it may do so openly and in its own name. But it is far more effective to have a group of citizens or experts – and preferably a coalition of such groups – which can publicly promote the outcomes desired by the corporation while claiming to represent the public interest. When such groups do not already exist, the modern corporation can pay a public relations firm to create them (1998: 21).

Beder goes on to quote Merrill Rose, vice president of the public relations firm Porter/Novelli, who advises companies to:

Put your words in someone else's mouth ... There will be times when the position you advocate, no matter how well framed and supported, will not be accepted by the public simply because you are who you are. Any institution with a vested commercial interest in the outcome of an issue has a natural credibility barrier to overcome with the public, and often with the media (1998: 21).

In addition to the difficulties that may arise in distinguishing between policy actors, it is also necessary to consider the implications of mobility between the different policy players we have described. For example, many politicians will have once worked for industries or organisations to which they may still feel an affiliation. Similarly, during the 2007 federal election, the then Coalition Government focused heavily on the percentage of ALP candidates who had once worked for trade unions with the implication being that, as politicians, their behaviour would continue to be influenced by their former employers. This kind of mobility raises questions about the potential for a political conflict of interest to arise. But while the former occupations of politicians are likely to attract some scrutiny during election campaigns, the degree of mobility between political advisers and interest groups receives far less attention. While such an inconsistency may be justified in terms of media interest, from the perspective of those interested in understanding policy networks such relationships should be of considerable interest. As the case of the 'Green Mafia' shows (see Pearse 2007), there is a high degree of mobility between political advisers, senior public servants and the interest groups concerned with mining and resources.

Conclusion

The existence of overlaps and movement between groups of policy workers makes the formal analysis of the policy process more difficult. However, this very difficulty highlights the importance of developing a nuanced model of the policy process that reflects real-world complexity.

Individuals can and do play important roles in the policy process, but those individuals are often seeking to influence that process on behalf of others. That said, however, it is unlikely that an individual or organisation will succeed in achieving policy change without the support of other individuals and groups. In order to achieve such support, it is likely that self-interested groups will have to accommodate the needs and preferences of either other interest groups, key policy makers, or both. Finally, individuals and groups may seek to achieve their policy goals by relying on their historical or personal relationships to help build the necessary support and avoid political or procedural obstacles. In such an environment individuals are more likely to have the capacity to prevent policy being implemented than to ensure that it is.

Questions for discussion

1. Advisers have a responsibility to respect the confidential nature of their dealings with ministers, but ministers have an obligation to make decisions that are in the public interest. How do you think you would respond if you knew that a minister was making statements to the parliament that he or she knew to be misleading?
2. Interest groups play an important role in the policy process. Think of some examples of interest groups that have acted in pure self-interest, and others that have acted in the public interest. How did you decide on the difference?
3. Academic research takes time to do well, and political decisions are often made quickly. How do you think academics should balance a concern with influencing the policy process with possible costs to the quality of their research?

Further reading

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- Warhurst, J. (2006), 'Interest groups and political lobbying' in Parkin, A., Summers, J. and Woodward, D. (eds), *Government, politics, power and policy in Australia* (8th edition), Pearson Longman, Sydney, pp. 327–42.

8

THE NUTS AND BOLTS OF POLICY WORK: ADVICE, IMPLEMENTATION AND EVALUATION

What should ministers do? Should ministers focus on fixing urgent problems or invest in solving future ones? Should they listen to the experts or should they listen to the voters? Should they deliver a budget surplus or invest in infrastructure? The answer to all of these questions will depend on the advice they receive and the way they weight different forms of evidence. How effectively this advice can be put into practice will depend, at least in part, on what consideration has been given to implementation issues during the formulation of the policy. And what improvements are made to future iterations of the policy will depend on the quality of evaluation of the policy. This chapter is concerned with the different aspects of policy work, with a particular focus on the forms of advice that a minister may receive and the ways in which conflicting types of advice might be resolved.

The role of those who give advice to ministers, be it an adviser, a concerned interest group or a constituent writing to a member of parliament, is complex and multifaceted. But one aspect of the relationship between policy advice and policy making is relatively straightforward: only members of parliament can vote on legislation. In relation to the authoritative choice model of policy making that was outlined in Chapter 1, the distinction is clear – advisers advise and members of parliament decide. That said, however, there are few, if

any, members of parliament who would not seek a wide range of expert advice before making a complex policy decision.

This chapter begins with a discussion of what makes for good advice. It then provides an overview of the tensions between different types of advice including the tension between timely advice and comprehensive advice, between political advice and policy advice, and between policy that delivers benefits in the short term and policy that delivers benefits in the long term. The chapter then considers the need for an understanding of implementation issues in the development of policy and concludes with a discussion of the role of policy evaluation and the unique issues associated with providing advice after a policy has been implemented.

What makes for good advice?

Good policy advice has a range of characteristics: it needs to be accurate, comprehensive, impartial (or with any inherent bias being explicitly apparent), timely and directed towards solving a problem. That is, good advice does not just inform a minister that they have a problem, it presents options for addressing it.

The development of criteria for ‘good advice’ is relatively straightforward, but assessing whether or not good advice has been provided is much more problematic. For example, if a minister is known to have preferences for a policy initiative with obvious problems, does good advice take the form of informing the minister that he or she is wrong, or developing policy options to minimise the harm associated with the minister’s preferred approach? Alternatively, given the confidential nature of Cabinet documents and the asymmetry that is likely to exist between the level of expertise of advisers and ministers, what objective criteria can be developed to determine the quality of the policy advice being provided?

One author who has considered the issue of how to measure the performance of those providing policy advice is Michael Di Francesco. While noting the complexity of the task of assessing the quality of policy advice, Di Francesco (1999: 426) provides a number of measures including:

- surveys of ministerial satisfaction
- the rate at which submissions were accepted by Cabinet, and
- feedback from those who were consulted in the preparation of the advice.

Di Francesco describes quality as being concerned factors such as logic, accuracy, responsiveness, presentation and conciseness, timeliness, and practicality and relevance (1999: 425), all sensible and useful criteria. Our concern, however, is that when such criteria are compared with the options suggested above, there is a risk that ‘good’ policy advice will be assessed by the extent to which it is telling politicians what they want to hear. That is, the fact that advice is readily acceptable to a minister, Cabinet and the key stakeholders may not be in the best interests of the country, in the short or long term.

Another concept of good policy advice is the ability, and even the desire, to ‘speak truth to power’ (Wildavsky 1987), or provide the sort of ‘frank and fearless’ advice that was discussed in Chapter 7. That is, a good policy adviser may see their role as taking active steps to inform their minister about ‘uncomfortable truths’, either in order to protect the minister’s interests in the long run, in order to speak on behalf of the public interest, or both. Most advisers accept that in exchange for direct input into the decision-making process they are obliged to keep both their personal views, and the formal advice they have provided, to themselves. It is therefore extremely difficult to evaluate both the quality of the policy advice provided, and the quality of the decisions ultimately made by ministers, because the nature of the advice provided is a matter of political judgment (Uhr 1996: 103) and also must remain confidential.

Timely advice

Timeliness is crucial to the provision of good policy advice. But this may impede the ability of an adviser to provide comprehensive, evidence-based advice, especially if new research, analysis or consultation is required. Nevertheless, while a tension exists between timely and comprehensive policy advice, the public service is primarily organised in such a way as to provide the latter. For example, public sector inquiries will typically involve extensive periods of consultation including public hearings held in multiple locations. Draft reports are often released in order to ensure that the conclusions drawn from the evidence are consistent with the evidence collected and submissions received. Not all policy advice need take a long time to prepare, however. For example, providing advice relating to minor changes to existing policy can be

based on either the experience of similar changes in the past or on the data that was collected when the original policy was being developed.

As we will discuss in Chapter 10, good consultation can inform the policy process, but it can also slow it down significantly. At times, ministers will judge that it is necessary to proceed with the development of new policy without a consultation process or the breadth of data and analysis that may be available with a longer timeline. Such a decision may be based on the circumstances of a specific policy problem, for example responding to the Indian Ocean Tsunami in 2004, or because of a political imperative such as an upcoming election. Policy that is developed rapidly, particularly in response to a political imperative, is often described as ‘policy on the run’.

Policy on the run is policy underdone: Extract from ‘The Hollowmen’

The following extract is from the satirical program, ‘The Hollowmen’. The conversation is between two of the Prime Minister’s personal staff and two senior bureaucrats from the Department of Prime Minister and Cabinet.

PM Staffer 1: The Prime Minister has decided that obesity is now a policy priority and he wants input from the Department. As much as you can give him. He wants to seize the momentum and really get something substantial up.

Public Servant 1: Warren and I of course have spoken to our opposite numbers in the Department of Health.

Public Servant 2: I can tell you from their perspective they think obesity could soon become this country’s biggest health crisis.

PM Staffer 1: That’s excellent, that’s wonderful news . . . that we are getting onto it early.

Public Servant 2: Anyway, we have gotten together and we think we have come up with a proposal.

PM Staffer 1: Let’s hear some solutions.

Public Servant 2: We start with a taskforce – Interdepartmental – review all the options, all the current evidence. Speak to the relevant stakeholders and come up with a provisional policy proposal and implementation strategy.

PM Staffer 1: This is exactly what I wanted to hear. And how long will all this take?

Public Servant 1: Of course we know that the PM has identified this as a policy priority. Realistically I think we could have something ready to go within 12 to 18.

PM Staffer 1: OK! 12 to 18 days.

Public Servant 1: Tony, Tony, months. Twelve to 18 months.

Public Servant 2: Probably 18.

Public Servant 1: Probably 18.

Public Servant 2: If we are trying to come up with a substantive public health initiative that addresses obesity, then I think it will take 18 months.

Public Servant 1: You seem disappointed.

PM Staffer 1: 'The Biggest Loser' gets it all done in 10 weeks.

Public Servant 1: I think we might be talking to a few more stakeholders with a major policy initiative like this . . . Warren is going to have a heart attack when he hears this. Nine months, but that is flat chat, fast tracked, all stops out.

PM Staffer 2: I think what Tony is saying is, what if we had something a little less comprehensive?

Public Servant 1: Gentlemen, we have a saying in the public service.

PM Staffer 1: Is this that frank and fearless thing? Because I never quite got that.

Public Servant 1: It's not that one. 'Policy on the run is policy underdone.'

PM Staffer 2: See, I don't get that one either . . .

Public Servant 1: Tony, you have a choice here. We can come up with a serious policy framework, incorporating all the latest science . . .

PM Staffer 1: And that's the 18 month one.

Public Servant 1: Or we can take the populist route. Superficial responses to the latest whims of the general public.

PM Staffer 1: Just for interest's sake, how long would that take?

(‘The Hollowmen’, Episode 1, 2008)

Political advice versus policy advice

Ministers who are determined to implement policy that is in the best interests of the public are faced with an exquisite paradox: unless they remain in office they will not be implementing any policy at all. All their lofty ideals will come to nothing if they lose government, lose their portfolio or lose their seat. Is it not then the responsibility of a minister determined to implement good policy to pay attention to their political advisers and pollsters in order to ensure that they remain in office?

The tension between **policy** advice, with its objective being to maximise the benefits to the community associated with a course of action, and **political** advice, with its objective being to maximise votes, is ever present in a democratic system. This tension is seldom admitted by politicians for the simple reason that admitting that your

main objective is to win votes for yourself is unlikely to be a successful strategy for doing so. The fact that such a tension is rarely admitted does not mean, however, that it is rarely discussed. Indeed, members of rival political parties and dissatisfied interest groups regularly accuse others of being more interested in votes than good policy. Table 8.1 provides some examples of such accusations.

The tension between good policy and good politics is not always strong, and there is no doubt that in some instances ministers and prime ministers seek to gain political advantage by demonstrating how willing they are to ‘make the tough decisions’ and ‘show decisive leadership’. The debate over the inclusion of petrol in an emissions trading scheme, for example, illustrates the contest between political and policy advice, as well as the potential to use an unpopular decision as an opportunity to demonstrate that a government is putting the long-term interests of the country ahead of their own short-term political interests.

TABLE 8.1: Perceptions of ‘opportunism’ in Australian political debate

Think about the long-term future for Australia. We know what short-term political opportunism would say, but think about the long term, think about where Australia wants to be, how we are going to resolve all of this.	Then Treasurer, Peter Costello (2002)
If Mr Latham was serious about a good policy outcome rather than a short-term political boost, he would have instructed his Shadow Attorney-General to work with the legal profession and the courts to settle terms of reference for the review rather than announcing its outcome.	Then Law Council President, Bob Gotterson, QC (2004)
Labor’s sudden opposition to administrative seizures is nothing but desperate short-term political opportunism.	Then Justice Minister, Chris Ellison (2004)
Political opportunism, divisiveness and disregard for civil rights and democratic principle is evident at unprecedented levels. The long-term economic, environmental, social justice and security issues are not being effectively addressed by the current Federal Government.	Then National Secretary of the ACTU, Greg Combet (2006)

One political issue that makes the headlines during most state and territory election campaigns is the ubiquitous concern with ‘law and order’. The box below discusses the unresolved tension between policy advice associated with the ineffectiveness of ‘tough sentencing’ as a solution to crime, and political advice concerning the importance of being ‘strong on law and order’.

Case study: The contradictions of the law and order debate

In a 2004 speech entitled ‘Looking forward – The direction of criminal law’, NSW Supreme Court Justice John Dunford reflected on the role of longer sentences in deterring crime:

We live in a community where there seem to be constant calls for criminals to receive tougher sentences, and one can readily understand why victims, and in the case of homicide, members of victims’ families, press for longer sentences for offenders. Those calls are taken up, as we know, by the media, particularly talkback radio hosts and newspaper commentators, and then politicians of all parties take up the call for law and order, and threaten longer sentences with less parole, and other so-called reforms.

However, very often, in fact I believe in the majority of cases, the victims, the talkback radio hosts, the persons who telephone their programmes, the newspaper correspondents and the politicians know nothing about the particular cases except the objective facts as reported in the media, which from the nature of things are the more sensational and horrific features. They generally know nothing of the personal circumstances of the offender, his or her lack of a reasonable childhood in a loving and supportive family, his or her lack of employment or opportunity for employment, the fact that a large number of offenders are unable to read and write, their drug problems or the emotional or other problems confronting them at the time of the commission of the offence.

I am not suggesting that any of these matters constitute excuses for criminal conduct – they do not, but they are matters which need to be taken into account in the sentencing process where the object is to do justice to the community as a whole, the victims and also to the offender. Whilst I believe that general and personal deterrence have significant parts to play in the sentencing process, I also believe that to suggest that longer and longer sentences will reduce the incidence of crime and is a simple ‘one stop’ solution to the problem, is extremely naïve and counterproductive. I also suggest that, in spite of all

their posturings, the politicians do not want more persons in custody for longer periods – that necessitates the expenditure of more money on building and maintaining more gaols and paying more custodial officers . . . (Dunford 2004).

Yet despite the advice of criminal law experts such as Dunford, the political case for tougher sentences remains compelling. The fact that 90 per cent of survey respondents believe that there should be tougher sentences for murders places politicians in a difficult situation. If your political opponents are telling the public that they are right to call for tougher sentences, do you want to be the one to tell them they are wrong? Is an election really the time to try to re-educate the populace about the causes of crime and the effectiveness of punishment? It would appear that the answer to this question is no, as the following quotations from politicians suggest:

Labor likes to talk tough on law and order, but as we see time and time again it's all just a mirage. The time has come for Labor to end their softly-softly approach (NSW Shadow Minister for Police, Mike Gallacher, 2007).

The State Government is soft on violent crime, not matching Liberal policy which would see unprovoked attacks dealt with by much harsher sentences (Tasmanian Shadow Minister for Police, Rene Hidding, 2008).

As the case study above shows, there is a clear disconnect between the views of the 'experts' and the views of politicians on the issue of 'law and order'. While the data reported in the academic literature may support the conclusions that there is no upward trend in the incidence of crime and that longer sentences, in and of themselves, are unlikely to deter criminals from offending, the public perception is quite different. At times politicians must choose between supporting what the experts say and what the public feels. In Australia at least, it would appear that the latter strategy is more effective in relation to crime policy.

Short-term versus long-term advice

Another trade-off in policy advice can occur between policy that will deliver benefits in the short term and policy that will deliver benefits in the long term. Given the political imperative to deliver results before the next election, accepting advice to build the nation rather than fixing short-term problems requires significant ministerial resolve.

Consider the following examples of the tension between short-term and long-term decision making:

- A minister is faced with rising demand on the health system, with lengthening queues of people seeking admission to hospital and increasing difficulties accessing general practitioners. In response to a request for policy options the minister is faced with a choice. He or she can spend \$500 million on a six-month burst of activity to deliver services to those currently on waiting lists. The money will be spent on overtime payments for staff, but at the end of the six months the underlying shortage of supply relative to demand will remain. Alternatively, the government could invest \$500 million in training new and existing medical staff and invest in a range of preventative health campaigns. Over the next five to ten years this will increase the supply of medical services and reduce demand, but it will do little to help those currently awaiting assistance.
- A minister is faced with a worsening drought. Thousands of farmers have seen their incomes vanish with spillover effects impacting on regional communities. While drought assistance will provide temporary relief to farmers and communities, it will also reduce the rate at which farmers decide to cease farming on marginal farming land. The alternative is to provide incentives to encourage farmers to exit the industry through the development of long-term structural adjustment policies.

The tendency for electoral politics to shorten the time horizon of elected decision makers is discussed in Marsh and Yencken (2004). They identify two interrelated underlying causes: the ability to identify and analyse long-run problems and the ability to engage interest groups and the public at large in such problems in an environment in which a wide range of short-term concerns are competing for attention. Marsh and Yencken conclude that strengthening the role of central agencies and the provision of additional resources for public research could help overcome the existing shortcomings of the decision-making process. Perhaps what is needed to support such structural reforms is a Minister for the Long Term.

Balancing competing advice and 'the national interest'

The above sections propose the existence of a number of stark distinctions, such as the choice between good politics and good policy

and the choice between short-term and long-term interests. Most politicians would claim that it is their job to ‘balance’ such tensions, or to ‘balance’ the distribution of costs and benefits across different groups in society. Table 8.2 provides examples of this belief in the ability to ‘balance’ competing claims.

It is important to highlight, however, that when ministers or other decision makers cite the need to balance competing evidence they have not actually shed any light on their decision-making process. That is, the act of weighing up the case for or against a particular course of action requires the decision maker to attach particular weight to some forms of advice, and to the importance of some forms of outcome. The important issue is not whether or not the decision maker has pursued ‘balance’, but the process by which such balance was achieved.

If pushed to explain how difficult decisions have been made, or what weights were attached to different evidence, ministers may refer to their

TABLE 8.2: The role of ‘balance’ in political decision making

It is of great importance that we strike the right balance between the key objectives of investor protection . . . prudential integrity . . . and high quality domestic markets, while maintaining and promoting Australia as an attractive investment destination.	Minister for Superannuation and Corporations Law, Nick Sherry (2008)
We’ve seen the way that terrorist activity using these substances can devastate communities and a way of life – this is about getting on the front foot and minimising the risk while recognising the need for balance. These new laws strike the right balance between community protection and providing for industries that require access to these substances.	Victorian Minister for WorkCover, John Lenders (2005)
[T]here needs to be a balance between the short-term gains for users and consumers in having low prices, and the community’s long-term welfare, which also requires the efficient timing and scale of investment.	Productivity Commission Chairman, Gary Banks (2002)

pursuit of ‘the national interest’. However, once again, such an answer does not genuinely shed any light on how the evidence was balanced. In a rare attempt to actually define the national interest, in a discussion on whether a very fast train would be ‘in the national interest’, the Commonwealth Department of Infrastructure concluded:

The ‘national interest’, unlike economic value or defence capability, is not something that can be objectively specified, measured or analysed by professional analysts; Ultimately, the national interest can only be assessed by the community as a whole, in response to policy frameworks devised by political leaders. The decision as to whether or not an EC VHST would be a worthwhile investment is one for the public, on the basis of terms enunciated by those political leaders. The project will not be successful unless it is ‘sold’ to the public and large numbers of people see it as relevant to them and commit themselves to using it (Department of Infrastructure 2001: section 11).

The true test of whether a decision was seen to be in the national interest or not will, therefore, occur at elections, where the subjective decision making of ministers will be reviewed according to the subjective preferences of voters. Under such circumstances, the role of political advice in the policy-making process is likely to be weighted heavily by ministers.

With no official measure of the national interest, the rate of growth of Gross Domestic Product (GDP) is often used as a proxy. However, the calculation of GDP was not designed, nor is it able to function, as such a measure. Some of the main reasons for this are that it ignores the distribution of income, it ignores social and environmental effects and it is concerned purely with the level of economic activity in the current period and therefore ignores the impact of policies in the future (see Van den Bergh 2007).

Despite the well-known limitations of GDP as a measure of ‘the national interest’, it continues to be widely used as such. For example, in the debate over how Australia should tackle climate change the following headlines have been reported:

Labor renewable energy plan ‘will cost economy \$1.5 billion’
(Warren 2008)

Emissions trading set to cost economy \$80 billion (ABC 2008d)

World economy 'faces ruin' from climate change (Button 2006)

The implication of these headlines is that policies to address climate change will impose a 'cost' on society when, even if it is assumed that the economic modelling on which those claims is based is accurate, what they are actually reporting is that the benefits associated with mitigating or preventing climate change will be offset, to some extent, by a reduction in the level of GDP. Once again, the issue is how should these factors be weighted. It is important to note, however, that by reporting the economic costs without placing those costs in the context of the benefits associated with avoiding climate change, the weight being attached to the environmental benefits is actually zero.

Case study: Is climate change the ultimate test of policy advice?

Prior to the 2007 federal election the then Opposition Leader Kevin Rudd appointed Australian National University Professor of Economics, Ross Garnaut, to be a special adviser on climate change policy. In what could be seen as a clever political decision, Professor Garnaut was asked to report to Kevin Rudd after the election on the best way to tackle climate change. On 4 July 2008, a draft report was released. It painted the policy problem of climate change in a particularly stark light:

Climate change is a diabolical policy problem. It is harder than any other issue of high importance that has come before our polity in living memory.

Climate change presents a new kind of challenge. It is uncertain in its form and extent, rather than drawn in clear lines. It is insidious rather than directly confrontational. It is long term rather than immediate, in both its impacts and its remedies. Any effective remedies lie beyond any act of national will, requiring international cooperation of unprecedented dimension and complexity.

While an effective response to the challenge would play out over many decades, it must take shape and be put in place over the next few years. Without such action, if the mainstream science is broadly right, the Review's assessment of likely growth in global greenhouse gas emissions in the absence of effective mitigation tells us that the risks of dangerous climate change, already significant, will soon have risen to dangerously high levels.

Observation of daily debate and media discussion in Australia and elsewhere suggests that this issue might be too hard for rational policy making. It is too complex. The special interests are too numerous, powerful and intense.

The time frames within which effects become evident are too long, and the time frames within which action must be effected too short.

The most inappropriate response would be to delude ourselves, taking small actions that create an appearance of action, but which do not solve the problem.

Such an approach would risk the integrity of our market economy and political processes to no good effect. We will delude ourselves if we think that scientific uncertainties are cause for delay. Delaying now will eliminate attractive lower-cost options.

Delaying now is not postponing a decision. To delay is to deliberately choose to avoid effective steps to reduce the risks of climate change to acceptable levels (Garnaut 2008).

The circumstances outlined by Professor Garnaut illustrate all the tensions inherent in policy advice described earlier in this chapter: the tension between timely and comprehensive advice, the tension between political and policy advice, and the tension between policies that deliver benefits in the short run and those that deliver in the long run.

Only time will tell whether the advice of Professor Garnaut, and the decisions made by the Australian Parliament, were sufficiently far-sighted to address this 'diabolical' policy problem.

Implementation

If a policy is never implemented can it really be said to be a policy? Is the process of policy making finished once a policy is written and agreed? The answer to these rhetorical questions must be 'No.' A policy is not really a policy until it is given effect. Nevertheless, until the 1970s, when a new wave of study concerned specifically with the implementation of public policy developed in the United States and Europe, there was a distinct demarcation between the study of policy and the study of administration or implementation (Parsons 1995: 462). Scholars such as Jeffrey Pressman and Aaron Wildavsky, in their agenda-setting text *Implementation: How great expectations in Washington are dashed in Oakland; Or, why it's amazing that federal*

programs work at all (1973), argued that there had been insufficient attention paid to what they considered a ‘missing link’ between policy making and policy evaluation. As a result of the burgeoning area of research, it is now understood that a key area of policy advice will be a focus on ensuring effective implementation of the policy in question.

The thrust of research in the field of policy implementation was on the problem of seemingly well-formulated policy failing to produce the intended change. While in many ways this distinction between formulation and implementation is a useful aid in analysing the policy process – as is evident in the inclusion of implementation as a stage in the policy cycle model discussed in Chapter 4 – it is also important to note that, in practice, the boundary between formulation and implementation may be far more blurred and confused (Hill 2005: 165). Hogwood and Gunn draw a further distinction within the implementation problem, suggesting key differences between ‘non-implementation’ and ‘unsuccessful implementation.’ In cases of non-implementation, problems such as a lack of cooperation by those involved or their failure to overcome obstacles to implementation that were beyond their control mean that a policy fails because it is not put into effect as was intended by its authors. In contrast, unsuccessful implementation is seen to occur when a policy fails to produce the intended outcome despite having been implemented in full (Hogwood and Gunn 1984: 197).

Hal Colebatch observes that the many causes of the ‘implementation problem’ have dominated what he calls the ‘depressing literature’ in this area of policy studies. According to Colebatch, these studies suggest that implementation failure may occur for a range of reasons, including:

- the original decision was ambiguous
- the policy directive conflicted with other policies
- it was not seen as high priority
- there were insufficient resources to carry it out
- it provoked conflict with other significant players
- the target group proved hard to reach
- the things that were done did not have the expected impact, or
- attention shifted to other problems (1998: 56).

This approach has led Hill to observe that the sort of ‘typical advice’ offered to policy makers on how to ensure effective implementation will focus on: keeping policy unambiguous; devising simple implementation

structures, with ‘as few links in the implementation chain as possible’; controlling the implementing actors; and preventing ‘outside interference’ in the policy process (Hill 2005: 178).

Both the problems that Colebatch sees discussed in the literature, and the advice outlined by Hill, typify what is known as the ‘top-down’ approach to policy implementation. In the top-down approach (see Pressman and Wildavsky 1973, Van Meter and Van Horn 1975 *inter alia*), implementation is understood as a set of actions directed towards achieving the goals or objectives outlined in the relevant policy decisions. Implementation is thought to have occurred when the policy makers’ objectives have been achieved, and the decision-makers’ ability to control implementation is thought crucial to its success (Pülzl & Treib 2007: 90). By contrast, if what happens ‘on the ground’ is significantly different from these goals and objectives then the policy has not been implemented (Colebatch 1998: 56). In this sense, according to Pressman and Wildavsky, implementation should be recognised as a problem in that it can prevent the attainment of policy objectives.

Understood as a top-down concern, the way to improve policy implementation is to be clearer about objectives; be authoritative in making decisions; be specific; be outcome oriented; engage in regular processes of review; and ensure that organisational arrangements maximise commitment and responsibility for the policy. In a seminal article encapsulating the top-down approach, Lewis Gunn identified ten reasons why implementation seems so difficult:

- circumstances external to the implementing agency may impose crippling constraints
- sufficient time and resources are not made available to the program or policy
- the required combination of resources is not available
- the policy to be implemented is not based on a valid causal theory
- the relationship between cause and effect is indirect, with multiple intervening links
- dependency relationships are multiple
- there is poor understanding of, and disagreement on, objectives
- tasks are not fully specified or in correct sequence
- there is imperfect communication and coordination, and
- those in authority are unable to demand or obtain perfect or total compliance (1978).

To sum up this approach, top-down theorists suggest that the problem of implementation can be dealt with if more effort and attention is directed towards policy design and careful evaluation (Colebatch 1998: 56–8; Sabatier & Mazmanian 1979: 489–92).

However, this top-down view of implementation and its problems is not the only perspective. A bottom-up approach (see Lipsky 1980, Elmore 1980, and Hjern 1982 *inter alia*) recognises that those responsible for putting a policy into operation will also shape and adapt it to real-world situations. Implementing policy requires cooperation from a range of people and organisations, each with differing understandings of what the issue is and how it should be addressed. In this view local or ‘street-level’ bureaucrats are seen as the central actors in the implementation process, negotiating policy implementation within the relevant networks (Lipsky 1980, Pülzl & Treib 2007: 90).

These two approaches to implementation bear a close resemblance to the two approaches to understanding policy outlined in the introduction to this book. From an authoritative choice perspective a top-down approach to implementation makes perfect sense. Likewise, from a structured interaction perspective, the interaction among individuals and organisations involved in a policy domain will necessarily affect the implementation process. In reality, however, neither the top-down nor the bottom-up perspective tells the whole story. Policy workers need to be alert to both dynamics, in what Elmore (1985) has described as a process of ‘backward mapping’ and ‘forward mapping’. Policy makers need to consider the instruments and resources available to them in developing policy if it is to be successfully implemented (forward mapping). At the same time, however, they need to consider the implementation process from the perspectives of both the target groups concerned and those who will be required to do the implementation work on the ground (backward mapping).

Case study: Western Australian Health Promotion Strategic Framework 2007–2011, Organisational enabling and implementation factors

A number of organisational and system-level changes are needed to underpin the implementation of the strategic directions:

Leadership, policy and strategic planning

- Engage with a broad range of agencies to influence the development of policy, legislation, environments and infrastructure to support healthy lifestyles and prevent injury.
- Continue to influence national health policy.
- Lead broader workplace reform through the implementation of healthy lifestyle policies.

Partnerships, integration and coordination

- Collaborate to address factors that impact on social disadvantage and the social/ other determinants of disease/injury.
- Better link policy and program development.
- Develop local partnerships to facilitate community-based program implementation.
- Work with local communities to foster leadership and community empowerment.
- Develop greater linkages, consistency and synergy between statewide and local activities.
- Better link initiatives and services targeting behavioural risk factors.
- Include community representatives in partnerships and decisions that impact on lifestyle and other determinants of health and injury.

Workforce capacity building

- Strengthen and sustain health service support for health promotion activities.
- Build health professionals' knowledge of health promotion practices and key behaviour risk factors.
- Review and adapt screening tools, educational support and referral materials about locally available lifestyle services.
- Build capacity of health professionals to undertake lifestyle risk assessment, brief interventions and referrals.
- Build Aboriginal Health Workers' capacity to undertake health promotion activities.
- Improve skills in working with Aboriginal people in the non-Aboriginal health workforce.
- Build capacity to develop programs for people from culturally diverse backgrounds.
- Negotiate for the inclusion of healthy lifestyle risk reduction/brief intervention training in relevant courses.

Monitoring, surveillance and research

- Maintain and improve risk factor monitoring systems.
- Improve monitoring and reporting in priority groups.
- Improve injury reporting surveillance.
- Develop a better evidence base for effective interventions.
- Identify how health promotion programs can better address social determinants.

The WA HPSF does not attempt to prescribe specific actions for health services but rather to identify priority areas for action by the Western Australian health system at a statewide and community level. Implementing this agenda will require long-term commitment and the involvement of all parts of the health sector. It is expected that progress will be made towards all the actions outlined in five years. A key action for implementation will be the development of suitable information and reporting mechanisms to monitor the outcomes outlined in the WA HPSF.

(Western Australian Government 2007)

The important point in all of this from the point of view of the policy worker is that issues of implementation must be considered when policy is being formulated. The case study above suggests some of the ways in which policy makers might think about implementation issues during a strategic planning process. Nevertheless, policy workers should also understand and accept that street-level bureaucrats will always exercise discretion, shaping policy as they implement it. Those charged with implementing a policy are likely to be embroiled in a complex web of networks within which they must interact, negotiate and compromise. In this sense implementation is a ‘game’ involving ‘bargaining, persuading, and manoeuvring’ (Bardach 1977: 56), often under conditions of vagueness, ambiguity, conflict, inconsistency, uncertainty and complexity (Lewis & Flynn 1979: 5). That the policy implemented on the ground departs in some respects from the policy formulated by politicians and their advisers should not necessarily be seen as a problem or failure. Rather, the street-level adaptation of policy to suit specific real-world contexts may in fact improve the original policy formulation. One way to tell if this is the case is through a robust process of evaluation.

Policy evaluation

No policy should ever be implemented and then ignored. Evaluation is a crucial element of good policy work, which produces specific advice about the future development – or abandonment – of a particular approach to solving a social problem. Evaluation can be defined as the process of judging the merit or success of an initiative, the ‘*ex post* assessment of the strengths and weaknesses of public programs and projects’ (Bovens *et al.* 2006: 319). Factors considered in policy

evaluation include the merit and value of content, administration, output, and effects of policy (Vedung 2006: 397). Evaluation allows policy makers and managers to assess the impacts, benefits and failings of a policy or program, to suggest improvements, and to make decisions on its ongoing viability or worth (see Nagel 2002, Rossi *et al.* 2003).

In order to make informed decisions, evaluators need the right information. Evaluation therefore involves collecting or collating data that enables the results of an initiative to be compared with its stated objectives. In order to facilitate good evaluation, it is therefore necessary for ministers to state clearly at the outset what they hope to achieve. One of the most common dilemmas for evaluators is attribution (see Mayne 1999). It is often difficult to confirm any direct link between a particular initiative and changes in the real world, because of the many other factors that can affect outcomes. The bigger the program or the policy problem, the more complicated attribution becomes (see Considine 1994: 246–7). For this reason, evaluation research often involves the collection of various types of data, including qualitative data, in order to arrive at a conclusion.

The nature of evaluation depends on several factors, including the type and scale of the policy or program, the resources available for the evaluation process and the uses to which the findings will be put. Evaluation research can involve the assessment of economic costs and benefits, stakeholder consultation, survey or focus group research or the analysis of relevant statistical data. Where appropriate – such as when testing medical technologies – evaluation can even involve more ‘scientific’ methodologies, such as the use of randomised control groups to accurately measure the impact of an intervention. Controversy can arise, however, when policy evaluation becomes ‘performance assessment’ for those charged with the responsibility of implementing the policy (Parsons 1995: 549). While there is no scope in this chapter to describe specific evaluation tools or consider debates about their relative merits, readers should consider texts such as Taylor and Balloch (2005), Fischer (1995), and Althaus, Bridgman and Davis (2007) in this regard.

As Hogwood and Gunn note:

If we lived in a world of complete certainty and perfect administration there would be no need for evaluation: having selected the best option and put it into operation we would know in advance what its effects would be (1984: 219).

The reality, of course, is that the world is not so certain. Evaluation, therefore, has the potential to play a central role in the policy process. Unfortunately, however, too often it does not appear to do so. Of all the forms of advice available to policy makers, evaluation has the potential to provide concrete evidence about what works and what does not, and to allow governments to refine existing policies in order to deliver the greater benefits at the lowest costs. But policy evaluation, like all other aspects of the policy process, is fundamentally political in nature (Bovens *et al.* 2006, Taylor and Balloch 2005). In addition to providing information to ministers about how they could improve things, evaluations also provide information to political opponents about what has been done wrong. If there is ministerial discretion involved in the decision to conduct an evaluation, or to release its results, then the public is unlikely to be made aware of the failure of some policies. Even though policy evaluation has the potential to help improve policy, ministers may conclude that the political costs of acquiring such information may be greater than the public benefits. In this context, policy workers wishing to use evaluation to improve public policy will need considerable ‘political astuteness’ to ensure that their views are heard ‘at what they think is the right time, by the right people, and in the right way’ (Bovens *et al.* 2006: 332).

Conclusion

Governments depend on the policy advice they receive to help inform their policy decisions. In an environment where ministers are bombarded with complex information, from a range of sources with varying degrees of credibility and influence, a trusted adviser is worth their weight in gold. Such an individual acts as a kind of ‘translator’, providing timely and comprehensive advice that simplifies complicated and technical information, and balances good information with political strategy. A framework for writing such advice is provided in Chapter 12.

Policy workers must also be thinking ahead and considering issues related to implementation and evaluation in the formulation of their policy advice. The best policy may fail if nobody has considered how it might be implemented. The same policy may also fail if, when implemented, nobody has developed the evaluation tools to convince a cynical public that an intervention is proving effective.

At the same time, however, the role of policy advice, including about implementation and evaluation, can be limited. Many an adviser will have to hold back their best ideas, squirreling away their views and research until such time as they are likely to be well received. Every idea, as they say, has its time, and good advice can be lost in the political melee if it is timed poorly. Judging when to provide advice is every bit as important as deciding what advice should be given. Such judgment can only come with experience.

Questions for discussion

1. Have you ever been given advice that you think was particularly good or bad? Do you think it is always possible to tell the difference at the time?
2. Do you think it is politicians or voters who are more interested in the short term? If it is voters who are focused on the short term, do you think politicians have an obligation to represent their short-term preferences?
3. How do you think the 'national interest' should or can be defined? If you think it is hard to define, how do you think we should evaluate the decisions made by politicians?
4. Consider the case study on implementation outlined above. Now develop a list of implementation factors for another policy field. What differences and similarities are there between your list and the list in the case study?
5. Other than economic indicators, what indicators of success or failure should be applied to policy evaluation?

Further reading

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- Rossi, P., Lipsey, M. and Freeman, H. (2003), *Evaluation: A systematic approach* (7th edition), Sage Publications, Thousand Oaks, CA.
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9

THE ROLE OF THE MEDIA IN SETTING THE POLICY AGENDA

Why do some problems attract national attention and others pass without comment? Why do governments fail to solve some visible problems, while addressing others that are virtually invisible? This chapter attempts to shed further light on the important, and difficult, policy question discussed in Chapter 6: how is the policy agenda set, and by whom? Chapter 6 focused on the role of language and discourse; this chapter focuses on the role of the media, and the interaction between policy makers and the media. This focus on the media does not mean that the media is essential to the development and implementation of policy, but it does reflect the significant, and growing, importance of the media and the increasingly symbiotic relationship that is developing between the media and government.

While those in power are rarely forthright about their relationship with the media, those who have retired are sometimes more forthcoming. For example, Bruce Hawker, the chief of staff to former NSW Premier Bob Carr, provides the following perspective:

One of the questions I've been asked to answer is whether all politicians let the media influence their decisions.

And I have a pretty simple answer to that one: Only the successful ones.

He goes on to say:

The biggest asset Carr brought to the leadership of the NSW ALP – at its low point in 1988 – was his training as a journalist. He knew the power of the media – and he harnessed it. He

knew he had to grab the attention of the press gallery and start setting the political agenda ... (2005: 1).

The symbiotic relationship between the media and politicians has been described extensively in the international literature (see, for example, Linsky 1986; O’Heffernan 1994; Jacobs & Shapiro 1996; Paletz 1998). Whereas in some spheres of life publicity is merely an ‘optional extra’, for politicians publicity is ‘indispensable to success’ (Savage & Tiffen 2007: 79). The view that the media has the power to have a major influence over what individuals think is known as ‘Cultivation Theory’ (see Gerbner *et al.*, 1980 and Infante, Rancer & Womack 1997). Alternatively, Agenda Setting Theory (see Dearing & Rogers 1996; Cohen 1963) proposes that while the media lacks the ability to determine *how* people think, it does have considerable ability to independently set the policy agenda. Cohen argues that ‘the press may not be successful much of the time in telling people what to think, but it is stunningly successful in telling its readers what to think about’ (Cohen 1963: 13).

Rather than examining the competing theoretical notions of the role of the media in modern democracy, this chapter takes a more applied perspective. Its starting point is the view that the media does play an important role in the Australian public policy process, particularly in the identification of issues that are likely to attract the attention of policy makers (see the Bridgman and Davis policy cycle discussed in Chapter 4). The chapter begins with a discussion of the 24-hour news cycle and its impact on policy before focusing on the role of media advisers and the definition and use of ‘spin’. The tension between the interests of the media and the interests of policy makers is then discussed, and the chapter concludes with a discussion of how individuals and interest groups can use the media to influence the policy process.

The 24-hour news cycle

The importance of the media in the policy cycle has been highlighted with reference to the attention paid by Prime Minister Kevin Rudd’s office to the 24-hour news cycle:

Mr Rudd has again succeeded in ... a now familiar pattern of feeding the 24-hour news cycle rather than grasping the opportunity that a first term presents to drive significant change (*The Australian* 2008).

The message, I'm told, from (Martin) Ferguson (The Minister for Resources and Energy) was that there are governments dedicated to 'actions' and there are governments dedicated to 'outcomes'. And in Ferguson's judgment federal Labor's state antecedents were in the former category; lots of largely meaningless activity that captured the 24-hour media cycle, but which ultimately amounted to not much in policy terms (Milne 2008).

The 24-hour news cycle refers to the pattern whereby the news of the day is set each morning with the front page of the major newspapers or a major interview on breakfast radio. This story will then be discussed throughout the day and ultimately appear on the nightly news. Unless there are significant developments in the story, for example the emergence of additional evidence or a particularly interesting response to the story from a significant public figure, the story will most likely run its course within 24 hours. The next day's front pages will set a new cycle in train.

The significance of the 24-hour news cycle for policy makers is that if a government wants to be seen to be 'doing something' it needs to provide an almost daily stream of announcements that are significant enough to dominate the 24-hour cycle. Minor announcements may receive some coverage in the newspapers, but they will not be sufficient to set the news agenda and in turn attract comment throughout the day or the attention of television news in the evening.

In order to understand the way the 24-hour news cycle places pressure on ministers to make regular announcements, consider the following fictional newspaper headlines:

Health reform strategy working nicely – waiting lists declining gradually
Economy doing OK – no signs of doom or boom
Government says sewerage system working well – no need for policy change

The problem with these fictional headlines is that they are unlikely to make people buy newspapers or convince viewers to tune in to the evening news. To the extent that people stay informed – and form their views – about government policy and performance via the news, it is important for ministers to conform to the expectations of news outlets, and announce their policies accordingly.

Furthermore, if a minister wants to talk about policy to a large number of people then the only option is to rely on outlets such as the television news as they command such large audiences. However, as the television news is not designed with complex policy proposals in mind it is important for those who wish to communicate policy this way to talk in ‘grabs’ of no more than 30 seconds. Often a long policy statement will be distilled down to a quotation as short as a few seconds. For example, in the words of one guide to managing the media prepared by a non-profit advocacy organisation:

On radio and TV your message must be received within 30 seconds and it needs to be understandable on a single hearing. Catchy phrases are good and help your message to be remembered. Shorter is better. Try to get your key information into no more than one page of text. Put your main message in the first two sentences (National Council for Single Mothers and their Children 2008).

Policy makers who find it difficult to distill their policy announcements into the ‘grabs’ required by the media will find it not only difficult to persuade the public; they may even find it difficult to hold onto their jobs. Politicians need to have good media skills, which is why they now employ an increasing number of media advisers.

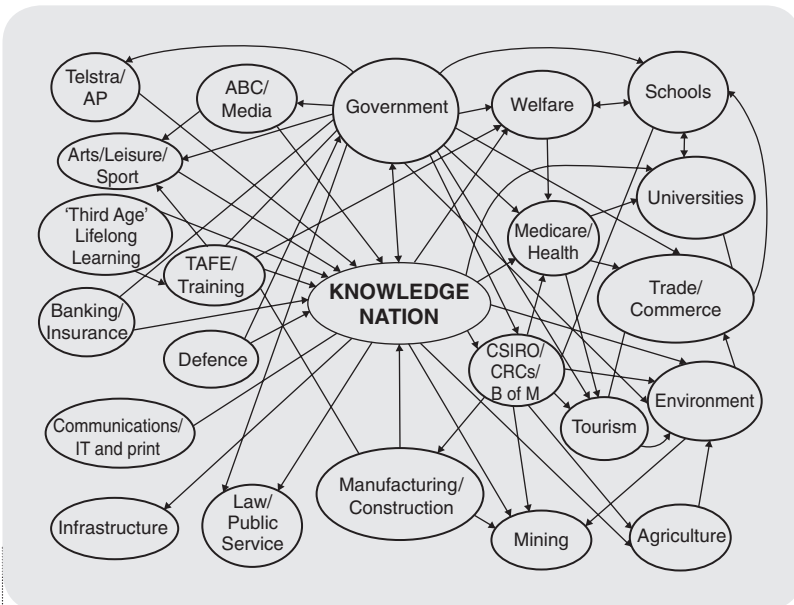


FIGURE 9.1 Knowledge Nation or Noodle Nation?

Case study: Knowledge Nation: A cautionary tale

Shortly before the 2001 federal election, the Australian Labor Party (ALP), then in opposition, released their new education policy, titled 'Knowledge Nation'. The principal author of the policy was Barry Jones, a former Minister for Science and Technology and a popular ALP intellectual. The policy set out a bold new plan to revitalise Australian education systems in response to new technological and global demands.

Unfortunately for the ALP, however, the diagram (represented above as Figure 9.1), rather than the content of the policy itself, quickly became the story. The original diagram appeared on page 9 of the policy as *Figure 1. The complex interactions between the elements of the Knowledge Nation*. The media had a field day, quickly dubbing the policy 'Noodle Nation', and lampooning both the policy and Jones himself. As Jones himself has noted, the central theme of the critics was to say, 'We can't handle the complexity and the report should have ignored it.' Jones also notes that although he was committed to the diagram as 'a useful teaching tool', the office of the then Opposition Leader, Kim Beazley, was 'always anxious that the diagram would become the story and that it might short circuit serious discussion about the report'. While resisting this view at the time, in retrospect Jones says, 'They were right, and I was wrong' (Jones 2001).

The role of media advisers

There are 226 members of the federal parliament, most of whom employ a media adviser, with more senior members of parliament employing multiple media advisers. The Prime Minister has a team of media advisers. The role of the media adviser is to take care of their minister's 'well being' in the media (Stockwell 2007: 132). This may involve getting an important issue into the media and communicated via carefully crafted 'key messages' or it might involve keeping an issue out of the media or at least giving it a low profile. Media advisers are familiar with the concept of 'a good day to take out the trash', where a high profile event is used to detract attention from an unpopular but necessary public announcement. A milder version of this strategy can be seen on any Friday afternoon when ministers put out press releases after the deadlines for the Saturday papers have already passed. The information is made 'public', but there is little likelihood of it becoming widely known.

Following on from the distinction made in Chapter 7 between the personal staff of politicians and public servants employed in

departments and agencies, it is important to note that in addition to the personal media advisers employed by members of parliament, most Commonwealth departments and agencies employ an additional team of media advisers. In total, there are more public servants and private staff working to communicate with the media in Canberra than there are journalists working in the Canberra press gallery.

Politicians are not the only people interested in influencing the way that journalists report the events of the day. Private companies, industry groups and community groups all employ media advisers. Further, there are dozens of lobbying firms who can also help influence journalists and others on a fee-for-service basis (see Fitzgerald 2006). In Chapter 7 it was suggested that policy workers exhibit a high degree of mobility between working for ministers, departments and interest groups. A similar, and sometimes overlapping, pattern of mobility also exists in relation to media advisers, with many journalists moving in and out of media advising roles advising politicians and interest groups. Such mobility ensures not only that there is a high degree of mutual understanding among all parties about 'how things work', but also that there are elaborate formal and informal networks of 'friendly sources' and 'friendly journalists' that help to shape the way that policy is reported (see Pearse 2007). These relationships are often complex and tangled, involving what Shelly Savage and Rod Tiffen have described as 'three interacting sets of games: politicians versus journalists; journalists competing with each other; and politicians and journalists relating to each other for their own advantage (2007: 79).

What is spin?

Media advisers are often referred to pejoratively as 'spin doctors'. The term 'spin' has been in use for many years (for a history see Miller & Dinan 2008), but in the past decade both the term and the practice have begun to be more commonly used. Spin can be best understood with reference to the metaphor on which the term is based, that is, when you spin an object around it can take on a different appearance depending upon the perspective from which it is viewed. Technically, 'spin' refers to the sort of background information and interpretation that media advisers supply to journalists in order to ensure that policy announcements and other political communication are well received and that the intended message is the one that is communicated in the

media (Stockwell 2007: 131). The role of a ‘spin doctor’ is to provide advice on the best way to present a policy, or the best way to discuss a particular event, in order to deliver the greatest benefit to the person making the announcement. Stephen Stockwell describes the work of the ‘spin doctor’ in the following terms:

Spin doctors work with ministers to ensure that the government’s key political messages reach the citizenry. They work on the news agenda and develop and place stories in the media for political advantage ... The spin doctor is involved in the construction of the meta-narrative that is the permanent campaign (2007: 131–2).

A related concept is that of framing (see Lakoff 2005), an issue discussed in Chapter 6 with regard to the way that policy ‘problems’ are constructed. Policy makers may wish to ‘frame’ a particular media announcement in a particular way in order to ensure that it is well received. While spin refers to the elements of an individual policy or issue that advisers think it is best to highlight, framing refers to the other issues and policies that should be used to contextualise the issue as a whole. Consider the following example:

Imagine a minister has received a confidential report from their department informing them that a program to deliver improved Indigenous health services has failed to achieve its stated objectives in 20 per cent of the communities covered by the program, meaning that while 8000 children had received additional services, 2000 had received nothing.

The best ‘spin’ to put on such a story is to emphasise the positive, that is, ‘8000 Indigenous children benefit from government health initiative’. In order to insulate the minister from potential criticism it would also be beneficial to include a statement to the effect that ‘while the minister is delighted with the progress in rolling out this policy, given the extent of the disadvantage faced by Indigenous people as a result of more than a decade of inaction by the previous government, there is still much more that needs to be done’. In addition to helping to defend the minister against any subsequent criticism based on the failure of the policy to help 2000 children, the preceding statement also helps to ‘reframe’ the issue. That is, it suggests that the context for evaluating the minister’s performance should not be their own stated objective but the size of the problem in general stemming from the performance of the previous government.

In addition to distinguishing spin from the framing of an issue, it is also important to distinguish it from obfuscation and deception. Policy makers rely on spin to present their own actions, or the actions of others, in the light that is most favourable to themselves, but they may also rely on obfuscation and deception in an attempt to conceal their motives, objectives or performance. For example, when asked if they would prefer to see an increase in expenditure on health or a reduction in income taxes, most politicians would prefer to conceal their actual priorities in order to ensure that they remain appealing both to voters who would like tax cuts and to voters who would like to see increased health spending. A common answer to such a question is to criticise the question as follows:

I think the important question is about how we can ensure that we get the balance right. I think I speak for all Australians when I say that we deserve to have a high quality health system, but of course families are also entitled to receive some tax relief.

While the objective of such obfuscation is to conceal policy priorities from the voters, the above statement does so without recourse to actual deception.

The role of communicating with the public through the media, including, on occasion, the need to spin, frame or conceal, is of increasing importance to those interested in the policy process. Policy workers may need to have skills in understanding and analysing the policy process and in providing support and advice to policy makers about how to communicate often complex and contentious policy decisions as persuasively as possible. Nevertheless, it should be remembered that even spin has its limits. It is not, as Savage and Tiffen (2007: 91) point out, a 'magic elixir' that can transcend other political resources. Understanding both the uses and limits of spin is important for all policy workers (see also Norris 1997).

The role of the media versus the role of the policy maker: Who decides what is important?

The primary objective of a commercial media outlet is the same as that of any private company, that is, to maximise the financial returns to

shareholders. In understanding the motives of the media, however, it is important to highlight a simple, but poorly understood, principle: the customers of commercial media companies are not the readers and the viewers. The customers are the advertisers. In fact, the readers and viewers of commercial media are actually the *product* that is being sold to the advertisers. The greater the size of the audience, the higher the price that can be charged for advertisements.

In selecting which story to run on the front page or open a television news broadcast with, news editors must assess which stories will be the most effective in encouraging people to either buy the paper or tune in to the news. This approach means that not only might a celebrity wedding attract far more attention than a significant policy announcement, but that some 'policy problems' will attract far more media attention than others – not because of the significance of the problem *per se*, but due to the ability of some problems to sell more papers than others.

In the words of Bruce Hawker:

Never lose sight of this fact: People in government – at whatever level – need the media. The media is your primary means of disseminating information, ideas, argument and policy ... You are using them to achieve your goals, just as they are using you to reach theirs (2005: 6).

Case study: Housing versus homelessness

Homelessness is a something of a 'wicked' social policy problem in Australia that requires ongoing government policy to address. While estimates vary widely, there are likely to be tens of thousands of Australians who are literally homeless on any given night. In addition to the direct effects on the homeless themselves, the problem of homelessness affects the families of the homeless as well as the community more broadly due to the high correlation between homelessness and mental illness, drug abuse and crime. While crisis accommodation is provided by a range of charities, a significant body of evidence suggests that this accommodation is inadequate to meet the needs of all those affected. Soon after his election, Prime Minister Rudd drew attention to the nature and extent of the problem himself.

Despite evidence of the extent of homelessness, widespread acceptance of the need to tackle the problem, and the Prime Minister himself indicating that homelessness is a policy priority (see Pearlman 2008), there is much greater media

interest in the rising cost of houses for those with homes seeking either to switch from renting to purchasing a home or wishing to move from a smaller home to a larger home. Further, monthly meetings of the Reserve Bank of Australia (RBA), which is responsible for setting official interest rates, attracts far more media attention than the ongoing problem of homelessness.

A number of explanations for the media's relative lack of interest in homelessness, as opposed to the cost of housing, can be offered:

- There are far more people affected by the rising costs of buying a house than are affected by homelessness.
- People concerned with the cost of buying a house are far more likely to buy newspapers than the homeless.
- Monthly meetings of the RBA to discuss interest rates, along with the regular release of statistical data relevant to interest rates, such as inflation and economic growth, provides an impetus to discuss the cost of housing.
- The lack of monthly data on homelessness makes it harder for journalists to say anything new about homelessness on a regular basis.

The divergence between the problems perceived by commercial news outlets to be most effective at increasing the size of their audience, and an objective assessment of the relative significance of a range of policy problems has three important implications. The first is that issues that have a small or modest impact on a very large number of people are likely to attract far more media attention than problems that have severe impacts on a much smaller proportion of the population. Second, the subset of the population who buys newspapers is not representative of the population as a whole. In fact, media outlets seek to highlight the way in which their audiences are different from the public as a whole in order to make themselves more attractive to their advertising customers. For example, on its website targeted at advertisers, Fairfax media describes the demographics of the readers of its various newspapers as follows:

Australian Financial Review – Our readers have spending power, both in business and at home. They are affluent, well educated and difficult to reach by other media.

Sydney Morning Herald – A rich history, an unrivalled present and a vibrant future ... The *Sydney Morning Herald* is the perfect advertising platform for those seeking an informed, discerning AB (high income – well educated) audience.

Third, as discussed in relation to the fictional headlines above, the media's preference to report the 'new', rather than the important, means that issues for which there is a regular flow of new data or reports will attract much greater media attention than important problems for which there is no regular flow of data. For example, because the Australian Bureau of Statistics (ABS) publishes regular data on the level of unemployment and inflation, there is significant media attention, and in turn policy debate, around these issues. However, as there is no monthly or quarterly data on homelessness, greenhouse gas emissions or the number of hours spent by carers looking after those in need, there is no impetus for regular media coverage of these issues.

Influencing politicians via the media

An important implication arising from the mismatch between the issues of concern to newspaper editors and the issues of concern to policy makers is that those who are interested in influencing policy may first need to influence the media. That is, rather than approaching ministers directly in order to persuade them to address a particular problem or implement a particular solution, it may be more effective to approach the media first. If the media is persuaded that an issue is significant, the resulting media coverage is likely to be more effective in influencing policy makers than a direct approach by constituents or interest groups.

As discussed above, the growth in the number of media advisers employed by interest groups, as well as the growth in the lobbying industry (see Fitzgerald 2006) suggests that this approach is adopted by a wide range of individuals, interest groups and private companies. The strategy of using the media to place pressure on policy makers on behalf of an interest group is widely known and easy to adopt. The tactics associated with implementing such a strategy, on the other hand, are more challenging, hence the rise of professional advisers. But while a lack of experience, contacts, money and public profile can make it difficult for those seeking to use the media to help influence policy makers to implement such tactics, many of the tactics themselves are straightforward. In what follows we suggest five such tactics: creating a crisis; commissioning a new report; developing a new solution; providing new indicators and new data; and being ready with an opportunistic response.

1 Create a crisis

The status quo is not news, nor is the fact that some in society would prefer circumstances to be slightly different. To the media, and to policy makers, those wishing to see the government pay more attention and provide additional funding to, for example, the preservation of historic buildings are little different from those wanting the same for the preservation of rare books, improved internet access for low income earners or access to public transport for the disabled. There is no new news in any of these policy problems unless someone can create a crisis.

Consider the following headlines:

Sydney heritage crumbles while minister takes holidays Disabled forced to work – But government buses won't give them a lift Rare books rotting – The pages we can never turn back
--

Rather than presenting the problem in general or expected terms, the above headlines all depict policy problems in two ways designed to be of interest to the media and of concern to policy makers. First, they create a sense of urgency. While the status quo is not news, the impact of the failure to act can be. Second, the first two fictional headlines contrast policy inaction on one front to some other action. That is, they imply that the government's priorities are out of kilter with the public's priorities. In other words, the government's attempts to 'balance' competing interests in pursuit of 'the national interest' (as discussed in Chapter 8) have failed.

2 Commission a new report

While the status quo may not be news, a new report about it can be. The phrase 'In a report released today ...' is commonly found in news coverage, and while many reports are commissioned with no regard to attracting media attention, many reports are written specifically for that purpose.

Consider, for example, an organisation wishing to attract media, and in turn ministerial, attention to the plight of people in aged care facilities. In order to create the 'crisis' described above, they may first wish to commission a report from an authoritative source designed to

shed light on the nature and extent of the problem. Empirical evidence that a problem is widespread is of greater concern to journalists than anecdotal evidence, as is empirical evidence about the nature of the problem – for example, the number of avoidable deaths or injuries.

As discussed below, the mere fact of writing a report does not mean that media attention is guaranteed, or even likely. It is up to the authors to persuade journalists of the significance and newsworthiness of the report, which they may do through a range of strategies, including issuing a media release, inviting journalists to the launch of the report, or giving the report to a journalist as ‘an exclusive’.

3 Develop a new solution

There is an important difference between attracting media attention to an issue and persuading policy makers to implement a particular solution. Fortunately, the media can help with the latter as well, especially if the preferred solution is either novel or not well known. The development of a new, or new-sounding, solution to a policy problem can make an uninteresting (to the media) story more newsworthy.

There are several other significant benefits associated with proposing a solution. First, if a minister is confronted with new evidence of a problem, his or her media advisers will no doubt advise the minister to say something along the lines of:

I have not had time to read the report in full, but if the situation is as bad as this report suggests, then my department will have to conduct a thorough examination of both the underlying causes and the potential solutions.

It is important to highlight that the explicit objective of such a comment is to take advantage of the 24-hour news cycle. In this case it is an organisation, rather than the government, that has set the news agenda for the day and in responding the minister needs to add nothing new to the story to ensure that the media has moved on by the following day. By calling for a particular solution, however, the minister can be forced to respond to questions about his or her part in this solution. The fact that the minister either would, or would not, be willing to change his or her policy has the potential to become news, especially if there is a strong perception of ‘crisis’. In such a situation, ministers may be unwilling to ‘do nothing’ and may be forced to ‘take decisive action’.

Importantly, in such circumstances the media and the general public's desire to see 'action' can overwhelm policy makers' preference for good policy process.

4 New indicators and new data

Creating new crises and releasing one-off reports can succeed in attracting media coverage. But the fact that many organisations are seeking to use the media to influence the news agenda, combined with the fact that ministers are adept at helping other people's policy issues slip off the policy agenda, means that the nexus between news coverage and policy impact can be weak. An important determinant of the ultimate influence of media coverage on the policy process is the nature of the follow through.

One way to overcome the willingness of the media, and ministers, to move on quickly from an issue is to provide regular updates on the progress, or lack of progress, that has occurred. Consider, for example, the way that Australian Bureau of Statistics (ABS) measures of inflation and unemployment capture the attention of the media, and in turn the response of the government. Do you think that the media or the government would pay so much attention to unemployment or inflation if regular data were not being released?

The regular collection and dissemination of data on a broader range of policy problems, either by private sector organisations or by the ABS, can ensure that that broader range of issues is not just discussed, but addressed. The strategic significance of preparing new statistical indicators is that it places pressure on decision makers to address the underlying causes of the problem, rather than simply addressing the media fallout on the day that a report is released. In other words, if given the opportunity, a minister can provide a response such as the one described above, calling for time to get to the bottom of an issue, on one or two occasions. But if month after month the data shows the problem is not going away, a minister will be forced to either address the problem or admit it is not a priority.

5 The opportunistic response

Commissioning reports, collecting new data and holding launches can all be considered 'proactive' strategies for attracting media and ministerial interest in a policy issue. An alternative is to develop the

capacity to have an effective 'reactive' media strategy, which converts the events of the day, or the work of others, into opportunities to promote an agenda.

Both proactive and reactive media strategies require significant resources to implement effectively, but the resources required are significantly different. While a proactive approach requires researchers to have significant time to invest in a carefully selected project, a reactive approach requires constant attention to the activities of the news of the day, the upcoming events of others, and regular contact with a broad range of journalists.

A reactive media strategy has several advantages. First, it is less risky than a proactive strategy. An organisation can spend months, and tens of thousands of dollars, on a report that is ignored by the media and the minister. On the other hand, if an organisation's press release commenting on the work of others or responding to the events of the day is ignored then the costs are low, and there is always the opportunity to try again tomorrow.

Second, an effective reactive media strategy can result in an organisation raising its profile significantly, which in turn can help gain access to the minister either directly or through the increased likelihood of being invited to stakeholder consultations, roundtables and other consultative forums.

Third, a good reactive media strategy can ensure that an organisation with few resources can have a significant impact on a policy debate if they are able to respond quickly to a significant event. For example, the combination of the horrific circumstances of the Port Arthur shootings, the blanket media attention that those events attracted and the availability of a plausible policy solution (in the form of a ban on automatic weapons combined with a guns buyback) meant that the policy debate around gun law reform shifted seismically, and delivered policy change that previous attempts at policy reform had failed to achieve (see Chapman & Alpers 2006).

Finally, it is important to highlight the link between the potential effectiveness of a reactive media strategy and the need to develop policy solutions to accompany such attempts to highlight the existence of a policy problem. If an organisation succeeds in highlighting the extent of a problem, but is not simultaneously offering a solution to that problem, they may simply create a vacuum that other individuals or organisations can fill through an effective reactive media strategy.

Conclusion

This chapter has considered the way that politicians and the media attempt to use each other in order to achieve their objectives, as well as the way in which other policy workers may seek to use the media to influence policy makers. The existence of such a symbiotic relationship between the media and the policy process can be seen as either a strength or a weakness of the system. On the one hand, the media provides an avenue for organisations that have failed to attract the attention of policy makers through direct means to achieve access, or at least influence, through other means. Alternatively, to the extent that ministers are highly responsive to pressure from the media, and that media ownership is highly concentrated, the media can be seen as an unrepresentative influence on an otherwise democratic and accountable policy process (see Ward 2006).

Disagreement about whether the media is either essential for providing scrutiny and transparency in an otherwise opaque democratic process or, instead, operates as an undemocratic vehicle for powerful financial interests, is an ongoing part of healthy democratic debate. Furthermore, it is possible that the media can perform both functions simultaneously. There can be little doubt that the media plays an important role in the Australian public policy process and that those who wish to understand, or influence, that process need to understand and engage with this institution.

Questions for discussion

1. Watch, listen to and read a variety of news and current affairs sources. Can you notice differences in the way different media outlets present a policy story?
2. Watch, listen to and read about the way in which politicians communicate in a policy story. What are their key messages? Can you tell when they are obfuscating?
3. Think of an issue you would like to see discussed in the media but that currently receives little or no attention. What strategies would you use to get this issue some media attention?

Further reading

- Miller, D. and Dinan, W. (2008), *A century of spin: How public relations became the cutting edge of corporate power*, Pluto Press, London.
- Norris, P. (ed) (1997), *Politics and the press: The news media and their influences*, Lynne Rienner Publishers, Boulder.
- Simons, M. (1999), *Fit to print: Inside the Canberra Press Gallery*, UNSW Press, Sydney.
- Young, S. (2004), *The persuaders: Inside the hidden machine of political advertising*, Pluto Press, Sydney.

10

CONSULTING WITH STAKEHOLDERS

The primary focus in this book has been on the knowledge and skills needed by those we have termed ‘policy workers’. In this chapter we extend the discussion beyond those who *make* policy to those we might think of as **participating** in the policy process.

As with so many other aspects of the policy process that we have discussed thus far, determining who can and who cannot participate in the policy process is not politically neutral. As Colebatch notes, not everyone with an interest in a policy issue will be granted a seat at the table, and even if they are, they will find that not all seats are the same (Colebatch 2002: 36). Recent years have seen this issue gain significant scholarly and political attention, particularly in light of claims that the Howard Government, influenced by public choice theory, made it increasingly difficult for voices critical of that government’s policies to be heard in policy debate (see Maddison and Denniss 2005, Maddison and Hamilton 2007). One reason this issue has been so hotly debated is because of the implications for democracy and democratic policy making. Indeed, as Verspaandonk has suggested, it is a legitimate expectation that a well-functioning democracy will ‘grant citizens the right to be consulted between elections about the work of government’ (Verspaandonk 2001: 9).

In the policy cycle described (and critiqued) in Chapter 4, the role of consultation is considered to be a discrete stage of policy development. In the real world, however, that may or may not be the case. The questions of who to consult, how to consult, and how to weight conflicting views on a policy question is a matter of judgment to be determined by the various groups of policy actors described in Chapter 5. Regardless of

any such debates about the importance of consultation in general, or who should be consulted in particular, it is crucial for governments that are seeking to develop the best policy to engage with a range of opinions (Keating 2004: 163). However, as suggested in the text box below, how these opinions are sought and from whom is a contested issue.

Views on democratic deliberation in the policy process

The Democratic Audit of Australia is a project that has been engaged in auditing the strengths and weaknesses of Australian democracy since 2002. The values used by the Democratic Audit of Australia as the basis of assessment are:

1. political equality
2. popular control of government
3. civil liberties and human rights
4. the quality of public deliberation

The fourth value stresses the importance to democratic legitimacy of public debate that is inclusive of different perspectives, particularly those of previously excluded citizens (and, hopefully, non-citizens). As well as being open to all viewpoints, such debate should be informed by diverse sources of information. The deliberative democracy value entails a commitment to a process of public reasoning and non-manipulative dialogue, as a defining feature of democracy. Auditing against these principles as separate values has already revealed significant conflicts over which democratic values should provide the measuring stick for institutions such as political parties and non-government organisations (NGOs) ...

In relation to NGOs, a deliberative approach suggests the importance of community-based peak bodies or advocacy organisations as forums for deliberation that enable new perspectives to be included in public debate and policy development. In Western democracies governments have provided public funding to strengthen the voices of sections of the community such as sole parents, immigrants or those with disabilities to ensure they are able to consult with their constituencies and represent their viewpoints to government and to parliament. With public support, such organisations are able to build up expertise in consulting hard-to-reach groups and in the substantive policy issues that affect them.

Those who take a more majoritarian or populist view of democracy distrust the role of such intermediary institutions and argue that they should not have

privileged access to government or parliamentary enquiries. They see democratic values as being better served by more direct forms of consultation with citizens, including citizen-initiated referenda. Sometimes such views on the priority of different democratic values are flavoured by the perception that strengthening the voice of those who need public intervention for equality of life choices will result in increased public expenditure at the expense of taxpayers.

Adapted from Sawyer 2005

Why consult?

There are both ethical as well as sensible or practical reasons for government to choose to initiate a consultative policy process. There are, for example, many benefits available to governments that choose to consult. Aside from finding themselves in a 'better position to explain and justify their decisions' (the practical dimension), governments that choose to open up policy debates will also find themselves holding stronger 'democratic credentials' (the ethical dimension) (Kane and Bishop 2002: 88). In what Anna Yeatman calls the 'partnership model' of state administration, democratic accountability is enhanced in an environment where 'the policy process is seen as needing the input of *all* those who contribute to making it happen' (Yeatman 1998: 20). Consultative governments can show themselves to be 'open and trustworthy', thus enhancing the legitimacy of government in general and thereby creating a stronger democracy (Rawsthorne 2004: 5). Consultation can also provide one form of evidence needed to support an 'evidence-based' approach to policy. The result is the sort of 'good policy' that a 'properly functioning liberal democracy' *should* produce.

Hal Colebatch has described a number of different themes that are used in arguments to support the creation of opportunities for public participation in the policy process:

- Ideological justifications, which suggest that in a democratic society all citizens can and should join in determining how they will be governed.
- Cognitive justifications, which suggest that policy problems are complex and cannot be adequately understood unless those affected are involved both in defining the problem and in developing responses.

- Tactical justifications, which suggest that stakeholders will be more likely to accept a policy decision if they were involved in framing and developing it.
- Functional justifications, which suggest that policy will be more effective if it is 'owned' by a wide range of people, not just government officials.
- Developmental justifications, which suggest that the promotion of a more collaborative form of governing through participation and consultation will do more to increase the capacity to govern than command-and-control models (2006: 114–15).

Consultation with a wide range of individual citizens, groups and interests affected by a particular policy issue can provide a degree of 'democratic legitimacy' to public policy processes. Consultation can enhance public accountability through opening up state administration to a democratically conceived 'citizen-based community' (Yeatman 1998: 3, 17). This view of consultation rests on the assumption that debate is essential to the development of good public policy. Creating a climate of 'participatory governance' recognises that there is a range of needs and perspectives that should be considered in the determination of any policy outcome. Meredith Edwards describes participatory governance as being about:

Collaborative relationships; specifically about the role of non-government players, beyond delivering services to a role in the policy development process. It requires structures and arrangements which support effective relationships across public, private and community sectors as they collaborate in decision-making processes towards agreed objectives (2002b: 52).

Broadly speaking, then, effective consultation should be a part of the policy process that is understood as good for democracy, good for public policy, good for marginalised groups and interests and good for the community at large. The current dominance of neo-liberalism in Australian politics, however, means that public policy processes may remain captured by the constraining 'self-interest' rhetoric of public choice theory (discussed in Chapter 4) and its attendant hostility towards consultative processes. The result is that some groups and organisations that have an important contribution to make to Australian public policy have been denied a seat at the table, as the case of AID/WATCH makes clear:

Case study: AID/WATCH: Too political to participate?

AID/WATCH is a small, Sydney-based environmental charitable organisation that promotes sustainability in governmental and multilateral development policies and practices, including aid, debt and trade policy.

In pursuit of these objectives AID/WATCH engages in the following activities:

1. Initiating, conducting and publishing research into the impacts of development policies and practices.
2. Developing partnerships with communities in low-income countries, helping them in their dealings with governmental authorities.
3. Providing input into the carrying out of Australian Government aid, trade and debt policies and seeking changes in these policies consistent with AID/WATCH objectives.
4. Producing and disseminating information to raise public awareness about development issues, both in Australia and internationally.
5. Engaging in public education and community outreach programs within Australia to increase public involvement in development issues.

In 2007 the Australian Tax Office revoked AID/WATCH's charity status. Below is their media release outlining their response to this decision:

MEDIA RELEASE, EMBARGOED UNTIL: 5AM, 30 MAY

First Strike by Government Against Free Speech for Charities

Community organisation, AID/WATCH, has been disqualified from charitable status for participating in the democratic process. The ATO has removed AID/WATCH's charity status because it claims AID/WATCH 'promotes a particular point of view'.

'This is a direct attack on free speech and on democracy,' said AID/WATCH Chair James Goodman. 'AID/WATCH is the only independent watchdog of Australian aid. We have to raise these issues publicly or else no one will. Charities exist for public benefit. How can we benefit the public if we keep silent?'

AID/WATCH Co-director Flint Duxfield said, 'It's clear that the government is using the ATO to target charities such as AID/WATCH who speak out in the public interest against misguided policy.'

The new ATO decision states that charities cannot engage in 'any activity designed to change Australian Government laws, policies or decisions'. Neither can charities engage in 'propogating or promoting a particular point of view', according to the ATO ruling.

'This is an outrageous decision. It has terribly disturbing implications for the community sector in Australia. If you draw this decision to its natural conclusion, the

existence of all charitable civil society organisations is now in jeopardy. Organisations working on homelessness, disability, mental health, environment and all the way across the community sector spectrum may be affected. It is a direct attack on democracy and the right to free speech,' said Mr Goodman.

AID/WATCH monitors and seeks to improve the impacts of aid on the planet and its people. 'As a charity we have a responsibility to contribute to public debate on these issues. This is central to our charitable purpose. The ATO ruling threatens our very existence and sends an ominous message to all charities – question Government policy and you will lose your charitable status,' said Mr Goodman

AID/WATCH has lodged an appeal to the ATO ruling.

(AID/WATCH 2007)

What is consultation?

Consultation may involve a range of strategies and techniques, including large 'town hall' style meetings, smaller focus groups, interactive websites, opinion polls to assess what the public already knows (Considine 1994: 162), and various forms of public inquiry to which groups and individuals may make written submissions. Government consultation processes have drawn heavily on market research techniques in order to create imaginative ways of encouraging citizens to engage in the policy process (Taylor 2003: 112). It is generally understood that good consultation should not be a one-off event during a 'stage' in the policy process. Rather, consultation with key stakeholders should take place throughout the policy process, although it may also involve more formal consultation events at times when the government wishes to inform the community or test an idea or policy choice.

Bridgman and Davis (2004, drawing on a 1996 OECD study by Shand and Arnberg) situate different types of consultation along a continuum from 'information' to 'control'. At the level of 'information' people are merely informed about government policy in a one-way process that is primarily focused on educating the public about a particular policy initiative and its objectives. The next point along the continuum is 'consultation', where input from individuals and groups is sought and ideas are exchanged but where the decision makers remain

in control of the outcome. The goal of this mode of consultation is to make policy more acceptable by taking into account the views of those most affected. Further along the continuum consultation becomes ‘partnership’, whereby policy decision makers actually hand some control over decisions to the public, who can have a meaningful say over policy content. At the next level partnership becomes actual ‘delegation’, where decision making is given over to a group outside government, such as a commission of inquiry or a statutory authority. The final point on the continuum is ‘control’, where decision-making is passed entirely to the public by means of instruments such as referenda or through the privatisation of government activity (Bridgman and Davis 2004: 81–2). The example of Sydney Water’s reported consultations on the desalination plant falls quite clearly towards the ‘information’ end of the continuum.

Case study: Consulting about Sydney’s desalination plant

Stakeholder consultation

3.1 Previous stakeholder engagement and consultation

3.1.1 Informing the community about desalination

The community has been informed about desalination in the context of the Metropolitan Water Plan through the following channels:

- The Metropolitan Water Plan;
- The Water for Life website;
- Water for Life information campaigns;
- A desalination information page established on the Sydney Water website, www.sydneywater.com.au;
- A dedicated email address, desalination@sydneywater.com.au;
- A range of regularly updated summaries, fact sheets and videos available to download from the Sydney Water website;
- A free-call number [1800 685 833] available for general telephone enquiries about desalination;
- Periodic community newsletters and letterbox drops;
- Shopping centre displays;
- Community workshops; and
- General Sydney Water events.

3.1.2 Consultation associated with the Environmental Assessment for the Concept Plan for Sydney's Desalination Project

During the feasibility and options development phase of Sydney's Desalination Project from late 2004 to late 2005, Sydney Water engaged with a range of stakeholders including:

- Key state government agencies, statutory and public authority stakeholders;
- Potentially affected Councils;
- Alternative energy and desalination technology companies;
- Energy retailers;
- Landowners of potential sites for the desalination plant;
- Sydney Water's Corporate Customer Council;
- Relevant Commonwealth agencies;
- Local Land Council; and
- Residents.

The Environmental Assessment of the Concept Plan, including Sydney Water's draft Statement of Commitments, was publicly exhibited for 71 days, from 24 November 2005 to 3 February 2006. During the exhibition the public were able to review the document, attend public consultations and forward submissions to the Department of Planning for consideration in its assessment of the project. Sydney Water provided opportunities for the community to taste-test desalinated water, discuss the environmental assessment with key members of the desalination project team and provide comments.

3.2 Current stakeholder engagement and consultation

3.2.1 Consultation associated with development of the Environmental Assessment for the Desalinated Water Delivery System

Community engagement and consultation activities since the announcement of the current environmental assessment have included:

- Opportunities to taste desalinated water, ask questions of the team and watch a video detailing the desalination process, were provided to the public through shopping centre displays at Miranda Westfield and Marrickville Metro.
- Letters were sent out informing people of the delivery system route and the commencement of the environmental assessment in February 2007. Around 3,000 letters were posted or hand delivered to potentially impacted residents along the route in the suburbs of Kurnell, Kyeemagh, Arncliffe, Tempe, St Peters, Alexandria and Erskineville.
- Around 100 letters were hand delivered to potentially impacted businesses in St Peters, Alexandria and Erskineville to inform them of the route and the

commencement of the environmental assessment process. Those businesses along the route were then surveyed by telephone to determine vehicle movements associated with their business and access and egress needs of their site.

- In accordance with DEC requirements, Sydney Water is undertaking consultation with identified local Aboriginal community groups and individuals to discuss issues including protection of heritage and culturally significant sites and construction impacts.
- Face to face or telephone discussions were held with a range of stakeholders.

(Sydney Water 2007)

The OECD has outlined three forms of interaction with the public that may be a part of the policy process, although they point out that these are likely to be complementary and overlapping rather than discrete. These modes of interaction are set out in Table 10.1 below.

TABLE 10.1: Modes of interaction in the consultation process

Notification	The communication of information to the public. A one-way process of communication in which the public plays a passive role of consumers of government information. Notification does not, itself, constitute consultation, but can be a first step. In this view, prior notification allows stakeholders the time to prepare themselves for upcoming consultations.
Consultation	The active seeking of opinions from interested and affected groups. A two-way flow of information, which may occur at any stage of regulatory development, from problem identification to evaluation of existing policy. It may be a one-stage process or, as is increasingly the case, a continuing dialogue. Consultation is increasingly concerned with information to facilitate the drafting of better policy.
Participation	The active involvement of interest groups in the formulation of policy. Participation is usually meant to facilitate implementation and improve compliance, consensus, and political support. Governments are likely to offer stakeholders a role in policy development and implementation in circumstances in which they wish to increase the sense of 'ownership' of, or commitment to, the policy beyond what is likely to be achieved via a purely consultative approach.

Adapted from Rodrigo and Amo (2006)

Michael Keating has also outlined a number of models of consultation available to governments, including:

- A summit where the nation's political leaders are directly engaged along with leaders of the major relevant interest groups
- Advisory committees that can operate at a very high level
- Committees of inquiry, although these committees, their terms of reference and their secretariats are typically established by the government. Such committees can either be permanent like the Productivity Commission, or they can last only as long as their Inquiry
- Workshops where key participants can exchange information, which can be especially helpful early on in achieving agreement about how a problem should be defined...
- Think tanks and academics who can be commissioned to research and to run seminars, but this typically represents a relatively closed form of consultation
- Parliamentary committees of inquiry (2004: 164).

Keating suggests that consultation processes that have a high degree of independence from government tend to produce higher levels of public confidence in their policy conclusions, although it is doubtful that these conclusions will feed directly into the policy process because they are unlikely to fit with the government's overall policy orientation (2004: 164–5). In contrast, consultation processes that are less independent from government may be far more influential despite the fact that their policy conclusions have less legitimacy in the eyes of the public. We will consider this issue in more depth later in this chapter.

Who is a stakeholder?

A stakeholder is any individual, group, or organisation who may be affected by a particular policy problem or its proposed solution. In order to be both meaningful and effective, consultation and participation in the policy process should involve a wide range of stakeholders who bring differing perspectives to the process. The point of encouraging participation among many individuals and groups with a stake in a particular policy area is to promote constructive conversations aimed at resolving conflicts and partnerships among the different stakeholder groups (Crowley 2007: 149).

The public choice perspective on policy making has brought an interesting tension to light in determining who is and is not a legitimate stakeholder. As suggested in the box describing the values underpinning the democratic audit, on page 199, there is a tension between expertise and popular voice (Fung 2006: 669), or between the 'real' citizen and the 'usual suspects'. 'Real' citizens or communities are thought to be 'unbiased and uninvolved in collective activity', whereas the 'usual suspects' (that is, community leaders and those representing organisations) are often seen as having an 'axe to grind'. In reality, these two groups both make important but very different contributions to the policy process. An uninvolved member of the community will rely on their own personal experience and perhaps the media or anecdotal evidence to inform their views. A representative or expert will rely on experience and knowledge gained over often considerable periods of involvement with a particular group or issue (Taylor 2003: 118). Both kinds of stakeholder are important. Bringing together the expert or professional knowledge with the life experience of citizens, allows 'real citizens' and experts to come together in an 'interpretive community' that seeks a deep understanding of the issues under consideration (Fischer 2003: 222).

Despite this recognition of the importance of the 'uninformed' perspective, however, we would still contend that, in their role as extra-parliamentary representatives providing a voice for marginalised groups and interests in Australian society, NGOs and other organised interests in the community are a necessary component of a healthy and robust democracy. They can be 'indispensable intermediaries' between community and government (Melville 2003: 1), conveying important information about the needs and preferences of a wide range of groups in the community to governments that would otherwise remain remote and uninformed. Organisations can provide the means and opportunities for otherwise marginalised citizens to make claims on government between elections. There is a significant asymmetry between the amount of information the 'average citizen' and the policy worker has on any given policy issue, creating the possibility that consultation processes may be manipulated by government representatives eager to achieve a particular outcome. In this context NGOs may be better informed and more likely to keep a consultation process on track.

As we have seen, one common way in which policy collectivities or stakeholders are spoken about is as a community or as 'the community'.

The language of community can be very seductive: it implies intimacy and trust, and conveys the idea that policy is made by people who know and trust one another. However, as Colebatch points out, like any other community, a policy community may also involve ignorance, misunderstanding and conflict (2002: 35). Marilyn Taylor also notes that the idea of community has ‘a dark side that can be both oppressive and exclusive’ (2004: 50). While being mindful of these concerns and of the romanticisation that is often applied to ideas of community, Taylor nevertheless suggests that the increasing prevalence of discourses on community are an important advance from the dualism of the state and the market. Such an advance allows policy makers to recognise and incorporate a whole new ‘territory of relationships’ into political and policy debate (Taylor 2004: 50, 63).

What makes consultation meaningful?

From the participatory governance perspective, consultation should be a structured, resourced and valued *process*. As Richard Curtain has pointed out, however, policy making in Australia offers too few opportunities for citizens to engage in the policy process. As with the Sydney Water example above, governments continue to spend considerable resources to inform citizens. Far more rare, however, are opportunities for citizens to ‘deliberate with policy makers in an interactive process’ (Curtain 2007: 121). Curtain goes on to outline what he describes as three essential features that should be present during all attempts by governments to engage citizens in a meaningful form of policy consultation:

1. It should be an ongoing process, rather than a one-off consultation.
2. It should entail a genuine exchange of views about different options.
3. Policy makers should provide feedback to those consulted about their reasons for determining a final choice of policy option (2007: 123).

For government policy workers in particular, the principal need in a consultation process is to reconcile competing interests and mobilise consent. For this to be effective, governments may need to let go of some control over the process and be more prepared to listen. This in turn suggests the need for more independent processes that are open and transparent and that take place early in the process before positions become entrenched. Early consultation should be exploratory in nature and should encourage both reflection and debate in order that participants can fully explore different ideas and arguments

(Keating 2004: 165–6). Interestingly, it is these same qualities of openness, reflection and deliberation, which make consultation more effective for governments, that also make it more meaningful for other participants. To be truly meaningful to groups and citizens giving up time and resources to participate in consultation, the process requires a reconceptualisation of the flow of power and information away from ‘paternalistic and top-down conceptions of state administration’ to a more genuinely open, inclusive and participatory model (Yeatman 1998: 17). At the end of the day, the democratic legitimacy of public policy processes and outcomes rests on ‘the character and quality of public deliberation, and the relationship between public deliberation and state decision-making’ (Patten 2001: 239).

While there is clearly a range of possible approaches to public participation in policy and decision-making processes that imply an array of values and choices for both state and non-state policy actors (Bishop & Davis 2002: 14–16), the most meaningful processes involve continuous negotiation between the many players who have a stake in the outcome and who may bring to the table various levels of power and influence (Kane & Bishop 2002: 87). Consultation should involve discussion and deliberation that affords ‘equal respect, if not necessarily equal weight’ to a wide range of views, interests, values and sensibilities (Marsh 1999: 88). If consultation is seen as mere tokenism, it is likely that those who have tried to participate in the process in a meaningful way will come to ‘view the whole process with a cynical eye and refuse to recognise the legitimacy of its outputs’ (Marsh 1999: 88). While there were many who expressed such cynicism about the Rudd Government’s large-scale exercise in public consultation, the 2020 Summit, some participants, such as Lyn Carson (herself an expert in deliberative processes) found much that was meaningful in the process and the outcome, as her reflections in the box below suggest.

Case study: A new kind of government: Reflecting on Australia’s 2020 Summit

I write this on the flight from Canberra to Sydney, only an hour after the conclusion of the Australia 2020 Summit. I took away a freshly printed report outlining the ideas from Australia’s ‘best and brightest’ and feel pleased to have rubbed shoulders with some very inspiring thinkers.

We gathered as a group of 100 in the Governance stream, a sub-set of the total 1000 delegates. Our group was split into four sub-groups of 25 and I found myself in the *Constitutional Rights & Responsibility* sub-group, among fellow academics, politicians, advocates and researchers from think tanks and non-government organisations, concerned citizens and students.

For me, the republic, a bill of rights and reformed federalism are all 'no brainers' – probably still controversial but boxes to be ticked so we can move on – on to new ideas to reinvigorate governance with specific methods to bring people to the forefront. But I began to feel isolated as I proclaimed the virtues of my key interests: inviting randomly selected citizens to deliberate in mini-publics (like newDemocracy's forthcoming Citizens' Parliament), in order to give typical Australians a stronger voice in political decision making. The constitutional lawyers would interrupt any mention of citizens' juries or citizens' assemblies to insist on a pedantically precise definition for the term *citizen*. It was going to be a long weekend.

My wildest ideas were clearly not going to be embraced by this group, for example: a group of 1000 randomly selected citizens to consider the ideas from the 2020 Summit or, heaven forbid, a randomly selected legislature. I began to note the way in which specialists censor themselves, speaking only of incremental change or not daring to flirt with anything seen as unrealistic. The conversation was too often about what was achievable in the short term . . .

I noticed that we were following the stages of group development: *forming* and *norming* and we had begun to experience the *storming* phase: frustration with the process and each other. Lobbying occurred. People were negotiating a way forward and process designers were working behind the scenes. I hungered to work with a group that shared my concern for the voiceless.

The next day we entered the *performing* stage as we coalesced around the idea that enthused each of us: the republic, a charter/bill of rights, open and accountable government and civic engagement. I was able to switch groups and, in the latter group, we worked frenetically to extract the essence of our collective dreams, to accurately express our combined aspirations and goals. We were pleased to offer several wonderful ambitions and big ideas although the detail was eventually lost in the final presentation and written report. *Democracy day* disappeared and *participatory budgets* and *citizens' assemblies* and *juries* simply went missing.

However, what surfaced in the final presentation was the top ambition of the civic engagement group and it appeared in a slightly different form in the final document:

'... the need to strengthen the participation of Australians in their governance: a revolution in community and government interaction through grassroots and non- traditional community engagement ...'

The Prime Minister, in his closing remarks, noted that the idea of *collaborative governance* (the phraseology we had preferred and put forward), was a new one which could involve 'rolling dialogues in relation to policies and programs'.

As the plane descends I'm left with the feeling that we worked well together, that we shared many wonderful ideas across ten wide streams and that this navigation, indeed, may really be in the hands of an unusual government. This one seems to be daring enough to *dare us* to imagine a very different future from that which we thought awaited us. One delegate (from a resource-strapped welfare organisation) told me that he did not know how to relate to this new government. He'd been trying for so long to get inside the doors, only to find them slammed shut, that he wasn't sure what to make of one that warmly invited him in. Let's hope that the doors remain as widely open and the air as cool and fresh as that which we experienced these past two days.

Adapted from Carson 2008a

Probably the most consistent complaint from community organisations and individuals is that consultation has a tendency to be 'tokenistic' because decisions are actually being taken elsewhere (Considine 2005: 201). In 2004 the authors of this book conducted a survey of nearly 300 non-government organisations involved in policy work. The respondents reported considerable involvement in government consultation processes, with 93 per cent having participated in such processes. This group of respondents were asked to indicate the forms of consultation they have been involved in; the responses are summarised below in Table 10.2.

TABLE 10.2: Forms of consultation engaged in by NGOs (%)

Form of consultation	%
Roundtable meetings	84
Focus groups	63
Written submissions	92
Appearances at inquiries	68

(Maddison *et al.* 2004)

The most common form of consultation engaged in by respondents was the preparation of written submissions, with the least common being involvement in focus groups (63 per cent). Few respondents reported receiving government assistance to facilitate their participation. When asked to describe a representative example of the involvement of their organisation in a government consultation process, 76 per cent stated that they received no government assistance, while only 5 per cent said that their costs were fully met.

The majority of respondents reported that they felt their involvement in the consultation process had been constructive (71 per cent). However, a majority also believed that their concerns were not reflected in current government policy (53 per cent). Despite the time, energy and expense incurred by these often cash-strapped organisations, most respondents who felt that their concerns had been recognised described only minor changes in policy as a result.

The risks of consultation

One official response to the demand for a consultative policy process is to establish a consultative body. Such a body may include both departmental officials and participants from outside government (Colebatch 2002: 33). Consultation can then turn into what is known as ‘concertation’, or institutionalised consultation that becomes a routine part of the policy process (Harrison 1980: 68). In this way policy ‘outsiders’ may be drawn into the formal policy process and experience a new level of influence. This sort of close relationship with government is often seen as a strategic goal for NGOs and other stakeholders that engage in advocacy work. Such relationships can bring many rewards, including a seat at the policy table, funding, and an increase in status and influence. In contrast, organisations without relationships with government are often seen as ‘outsiders’, and may find themselves with little power, funding or influence. While debates about the risks of co-option in these relationships are not new, in general the potential benefits are seen to outweigh the potential threats (see Sawyers & Meyer 1999).

There is some evidence to suggest that a more cautious view of these relationships might be wise, as it seems that over the longer term a close relationship with government may pose a threat to organisational relevance and even survival. This threat is manifest in four key ways. Organisations with a close engagement with government risk a loss of

legitimacy, a loss of independence, a loss of organisational resources, and a loss of vision. An historical view suggests that organisations should be cautious in negotiating relationships with government. Non-government stakeholders in policy debates must weigh up the benefits that may flow from a close relationship with government in the short term with the potential risks of close ties to the state, particularly where this involves sacrificing external networks, in the longer term (see Maddison & Edgar 2008).

On the other side of the equation, consultation is also thought to pose risks to governments. Specifically these risks are concerned with:

- overload, whereby governments become exhausted by excessive demands and the many resulting programs they are expected to deliver
- capture, whereby government regulatory institutions become captured by the interests they have been established to control, who may proceed to close an agenda that others might want to see opened
- free riding, an idea that suggests that the majority of citizens will find it more rational to allow others to participate or agitate for change because the costs of participating are higher than the likely benefits.

Ultimately, whether or not governments can avoid, or at least minimise, these risks will depend upon the institutions and processes that they have in place to manage participation and consultation (Considine 2005: 196–200).

Conclusion

In a democratic policy process the determination of public policy outcomes should be seen as an ongoing process in which debate, deliberation and even dissent are constitutive elements. Ensuring that the voices of ‘unpopular or disadvantaged minorities’ are a part of processes to develop the public policies that most affect them is necessary for political equality (Hindess 2002: 3). And this should be seen as a serious matter affecting all sectors of society, not just marginalised or disadvantaged groups. As Deborah Brennan points out:

By breaking the ties between policy-makers, service providers, funding bodies and community activists, governments may,

in fact, be cutting off an important source of information about the needs and aspirations of some citizens, and thus diminishing the general good of the whole community (1998: 131).

Consultation should not be seen as a panacea for all policy problems. It has clear limitations and it may be impossible in some situations for consensus to be reached among a range of stakeholders (Keating 2004: 167). Nevertheless, as Australia and the rest of the world face the challenges of climate change – quite probably the mother of all ‘wicked’ policy problems – there are renewed suggestions that an integrated, collaborative and participatory approach to policy is required (Colebatch 2006: 115). In an uncertain global political environment democratic participation and consultation are becoming more important than ever, as there is an increased need for governments to develop greater capacity to frame and develop public and interest group opinion (Marsh 1999: 10). Participatory deliberation can ‘build new political cultures capable of preserving and extending decision-making capabilities’ (Fischer 2003: 219). Innovations in consultation processes are occurring all the time, from the use of the internet to poll public opinion on particular issues to the development of more formal deliberative mechanisms such as citizens’ assemblies (see Carson 2008b). The trend in these innovations is towards more meaningful and deliberative policy consultation, one outcome of which – we hope – will be better public policy.

Questions for discussion

1. Of the five types of argument to support the creation of opportunities for public participation in the policy process, which do you find the most persuasive? Why?
2. In your view, should consultation processes be aimed at including individual citizens or representative organisations?
3. On what issues might you, or any organisation that you belong to, be considered to be a stakeholder?
4. Do you think that governments should fund and support non-government organisations to participate in consultation processes? What are the arguments for and against such arrangements?
5. What is your view of large-scale consultation processes like the 2020 Summit? What are the pros and cons of such events?

Further reading

- Carson, L. and Gelber, K. (2001), *Ideas for community consultation: A discussion on principles and procedures for making consultation work*, Report prepared for the NSW Department of Urban Affairs and Planning, Sydney.
- Curtain, R. (2007), 'Engaging citizens to solve major public policy challenges', in Colebatch, H. (ed.), *Beyond the policy cycle: The policy process in the real world*, Allen & Unwin, Sydney, pp. 121–42.
- Kane, J. and Bishop, P. (2002), 'Consultation and contest: The danger of mixing modes,' *Australian Journal of Public Administration*, Vol. 61, No. 1, pp. 87–94.



RESEARCH AND POLICY

More often than not, the issues that policy workers deal with on a daily basis are highly complex. While much in the theoretical literature (such as the idea of rational decision making discussed in Chapter 1 or theories concerning policy analysis and policy instruments as discussed in Chapter 4) suggests that clarity and certainty should characterise the policy development process, in reality determining the ‘right’ policy response from the vast array of available choices, with access to imperfect information and disparate community views, can be a daunting task.

In recent years the demand has been for ‘evidence-based policy’, which raises questions about what kinds of evidence exist and how it is best uncovered for the purposes of informing public policy. One possible implication of the term ‘evidence-based policy’ is that the contested and uncertain policy process discussed throughout this book can be rendered objective and certain. However, as will be discussed below, while there is no doubt that the collection and analysis of information has the potential to improve the advice provided to policy makers, there is no obligation on policy makers to heed such advice.

This chapter begins with a discussion of the different research methods that policy researchers rely upon most heavily and the different weights that are often attached to research conducted by different groups. The concept of ‘evidence-based policy’ is then discussed. The chapter concludes with an overview of the characteristics of good research, and in turn, the characteristics of a good policy researcher.

What is policy research?

Policy research refers to the collection and analysis of information in order to inform the policy process. Policy research can be distinguished from other forms of research by virtue of the specific purpose for which it is conducted. As Amitai Etzioni puts it, while basic research seeks to understand the world as it is, policy research ‘is always dedicated to *changing* the world’ (2006: 833 emphasis in the original). That is, while policy research may share many features with other forms of research, because it is intended to influence the policy process, policy research must also – at least to some extent – conform to the requirements of the policy process. Whereas pure research can start from any logical premise, use any sound methodology, be communicated in precise technical language and take as long as is necessary to create new knowledge, policy research must be more constrained. In particular, if it is to be effective in informing decision making, policy research must be based on a premise that is already widely held; must use well established and robust methodology; must be communicated clearly and unambiguously; and must be completed in time to influence the decision at hand. Or as Ann Majchrzak has suggested:

To do effective policy research involves more than substantive knowledge of a particular subject. Policy research also involves more than an expertise in the application of different methodological and analytical tools. For policy research to yield useable and implementable recommendations the research process necessitates an understanding of the policy-making arena in which the study results will be received (1984: 14).

The notion of the ‘policy arena’ is useful in examining the work of policy researchers as it suggests that a degree of contest is involved. The notion of a policy *arena* can be contrasted to the notion of a policy *process*, which suggests that if certain steps are followed, certain results will be achieved, and the idea of the policy *network*, which implies a less linear structure than the policy process but still suggests a degree of cooperation and the pursuit of common goals. The image suggested by the policy arena, on the other hand, is one of contest between rivals seeking to prevail, with the potential for unpredictable results. It is in such an arena that Majchrzak situates the work of

policy research. She describes the policy arena as having the following characteristics:

1. Policy research is only one of the inputs into a political decision-making process.
2. Policy is not made, it accumulates.
3. The process of making policy is as complex as the social problem itself.

Policy researchers must work within the confines of the policy arena. If a decision is to be made by a particular date, then the research must be completed before then. If research has to be completed by a particular date, then some research methods will be unavailable to the researcher. And if a particular decision is to be made, research that yields general results will not be influential. For example, research designed to influence a review of the social security system that concludes that what is required is an all new tax system will be unlikely to be influential. Understanding the constraints on research conducted in this context is important for policy workers striving to produce evidence-based policy.

What is evidence-based policy?

In a 2008 address to his most senior public servants, Prime Minister Kevin Rudd made a plea for evidence-based policy.

[T]he Government's agenda for the public service is to ensure a robust, evidence-based policy-making process. Policy design and policy evaluation should be driven by analysis of all the available options, and not by ideology.

When preparing policy advice for the Government, I expect departments to review relevant developments among state and territory governments and comparable nations overseas. The Government will not adopt overseas models uncritically. We're interested in facts, not fads.

But whether it's aged care, vocational education or disability services, Australian policy development should be informed by the best of overseas experience and analysis. In fostering a culture of policy innovation, we should trial new approaches and policy options through small-scale pilot studies ...

Policy innovation and evidence-based policy making is at the heart of being a reformist government. Innovation can help us deliver better policy and better

outcomes for the whole community. This means that we want the culture of the APS to foster new ideas and new directions – and not to let the narrow interests of particular branches or agencies stand in the way of innovation (Rudd 2008).

While the Prime Minister may see evidence-based policy as being at the heart of the Australian policy process, the concept itself is not well defined. The stated role of the Department of Prime Minister and Cabinet (DPMC) is to ensure that ‘policy proposals put to the Prime Minister and to Cabinet are developed in a coherent, informed and coordinated fashion’ (DPMC 2008a). While an insistence on such standards seems inherently reasonable, the Department provides no formal definition of evidence-based policy and the term is absent from key publications informing public servants on the policy process (see DPMC 2006, DPMC 2008b).

While there is no official definition of evidence-based policy in Australia, nor an official definition of the kinds of evidence that should be considered, other definitions are available. For example, in the words of a senior UK Cabinet Office official, evidence-based policy:

... helps people make well informed decisions about policies, programmes and projects by putting the best available evidence from research at the heart of policy development and implementation (Davies 1999: 109).

A comprehensive review of the Australian and international literature on evidence-based policy can be found in O’Dwyer (2004), who summarises the four underlying assumptions of evidence-based policy as follows:

- evidence-based policy is a meaningful concept
- evidence should be available to policy makers
- evidence can be interpreted and used to inform policy development
- policies based on evidence are better than policies that are not based on evidence (2004: ii).

In reviewing the literature, O’Dwyer concludes that, while important, evidence may not be the most important influence on policy. Other factors that will temper the influence that evidence can have on the process of determining policy include: prevailing public opinion; organisational culture; the values and ideology of researchers and policy

makers; control of power; and political goals. The conclusion that evidence may not be the most important influence on policy decisions presents a significant challenge to the view that the 'policy process' is linear, transparent and accountable.

While there is little doubt that electoral politics, ideology and personal preference can play an important role in overriding the production of 'evidence-based policy', it is also important to highlight the fact that, at times, even the best available evidence may provide an incomplete, or even inaccurate, picture of the policy problem in question. Consider, for example, the following extract from the Commonwealth Government's State of the Environment report from 2006:

It is still not possible to give a comprehensive national picture of the state of Australia's environment because of the lack of accurate, nationally consistent environmental data. Therefore, the need for an enduring environmental data system remains a high priority if Australia is to measure progress and make sound investments in the country's environmental assets (Department of the Environment, Water, Heritage and the Arts 2006).

While the absence of adequate data itself reflects a policy choice on the part of the government, in the absence of the required data it may be necessary for policy makers to make decisions on the basis of the other factors outlined above.

Given the difficulties in defining evidence-based policy, defining evidence, and the widespread acceptance of the view that evidence is only one of the factors at play in the policy arena, some authors have expressed a preference for terms such as 'evidence-influenced policy' and 'evidence-informed policy' in order to more accurately describe the role of evidence in the policy process (see O'Dwyer 2004, Marston and Watts 2003). As the case study below suggests, however, in some instances a policy response is not even informed by the available evidence, despite political rhetoric suggesting otherwise.

Case study: The NT intervention and the role of evidence

On 21 June 2007, the then Prime Minister, John Howard, and his Indigenous Affairs Minister, Mal Brough, announced an 'emergency intervention' into Aboriginal communities in the Northern Territory. The announcement was a response to the

evidence presented in the *Ampe Akelyernemane Meke Mekarle 'Little Children are Sacred'* report that had recently been released by the Northern Territory Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse (Wild and Anderson 2007). The *Little Children are Sacred* report confirmed what many Aboriginal people had been saying for years: that many of their communities had broken down to the point where normally unacceptable behaviour, including violence, suicide, alcohol and other substance abuse, and the abuse of children, had become a way of life. Until this report, however, pleas for help had fallen on deaf ears. As Indigenous lawyer and academic Larissa Behrendt suggested, this was 'the national emergency that was sitting neglected for over thirty years' (Behrendt 2007: 15).

To tackle the issue of child sexual abuse the Howard Government undertook to apply a range of 'emergency' measures to all people resident in remote Aboriginal communities in the Northern Territory. Specifically it would:

- introduce widespread alcohol restrictions on Northern Territory Aboriginal land
- introduce welfare reforms, specifically the quarantining of welfare payments, to stem the flow of cash going towards substance abuse and to ensure that funds for child welfare are used for that purpose
- enforce school attendance by linking income support and family assistance payments to school attendance for all people living on Aboriginal land and providing meals for children at parents' cost
- introduce compulsory health checks for all Aboriginal children to identify and treat health problems and any effects of abuse
- acquire townships prescribed by the Commonwealth Government through five-year leases including payment of 'just terms' compensation
- increase policing levels in prescribed communities, including through secondments from state and territory jurisdictions
- scrap the permit system for common areas, road corridors and airstrips for prescribed communities
- marshal local workforces through Work for the Dole to undertake ground clean up and repair of communities
- improve housing and reform community living arrangements, including the introduction of market-based rents and normal tenancy arrangements
- ban the possession of X-rated pornography and introduce audits of all publicly funded computers to identify illegal material, and
- appoint managers of all government business in prescribed communities (Brough 2007).

In setting out the case for his government's new policy, Mr Howard referred repeatedly to the evidence provided in the *Little Children are Sacred* report, claiming, 'Anybody

who's read or examined the report . . . will be sickened and horrified by the level of abuse. They will be deeply disturbed at the widespread nature of that abuse and they will be looking for the responsible assumption of authority by a government to deal with the problem . . . (Howard 2007). But despite the repeated references to the evidence in the report the then government's policy response was not based on the recommendations of that report. In fact, when a one day Senate inquiry was held prior to the rapid passage of the intervention legislation, the authors of the report were not invited to present evidence. One of the authors, Pat Anderson, expressed her dismay that despite government claims the intervention was a response to their report there was 'not a single action that . . . corresponds with a single recommendation . . . There is no relationship between this emergency protection and what's in our report' (quoted in Ravens 2007:3).

One year after the announcement, Anderson, whose evidence was cited by the Prime Minister as initiating this extraordinary policy response, was asked again about the impact of the policy change. In reply Pat Anderson stated, 'I don't know whether it has done anything about child sexual abuse and the way they did it certainly made their motives suspect. I don't know whether it was about child sexual abuse at all' (ABC 2008c).

Strategies for policy research

The following sections provide a brief survey of some of the research methods of value to policy researchers. This is not, however, a 'how to' guide to doing research. Rather, this overview is intended to guide policy workers in their use of other people's research and to suggest some starting points for the occasions where you may be conducting original research. In such an event, you are advised to both read widely and seek the advice of an experienced researcher before you begin. Badly done research is not only useless, it can do real damage to the subjects of the research, both during the research process and if it goes on to inform policy decisions. Policy research is not something to be initiated lightly.

It is also important to remember, as discussed above, that the main distinction between policy research and other forms of research is the specific purpose to which the research findings will be put. Policy research must be relevant for its specific purpose, and it is this fact that should guide your choice of methods.

Quantitative research

Quantitative research refers to the process of inquiry into the quantitative elements of an issue or problem. Quantitative research is most suited to the measurement of behaviour and attitudes: for example, if it is necessary to understand how many people are likely to be affected by a policy change or who would prefer one policy over another, or one political party or another (see John 2002). Quantitative data can be analysed using statistical techniques such as correlation, regression, cluster analysis or factor analysis (see Pole 2002; Gorard 2003). These techniques can be used to create models that can help predict the likely behavioural response of individuals in hypothetical circumstances based on patterns of behaviour inferred from previous behavioural responses.

An important element of quantitative data is the ability to define the elements of an issue clearly before attempts at measurement can begin. Consider the following example of the challenges in defining and measuring the number of unemployed people in Australia.

Case study: The measurement of unemployment

Despite the significance of the problem of unemployment, and the apparently straightforward definition of what it means to be unemployed, the measurement of unemployment is not in fact straightforward at all.

The official definition of unemployment in Australia is as follows:

Unemployed persons are those aged 15 years and over who satisfy all three of the following:

1. The person must not be employed, i.e. they must be 'without work'.
2. The person must be 'looking for work'. A person must have, at some time during the previous four weeks, undertaken specific 'active' steps to look for work, such as applied to an employer for work, answered an advertisement for a job, visited an employment agency, used a touchscreen at Centrelink offices, or contacted friends or relatives. The search may be for full-time or part-time work. In either case, however, the person must have done more than merely read job advertisements in newspapers.
3. The person must be 'available to start work'. This is taken to mean that they were available to start work in the survey reference week (i.e. the week before the interview) (ABS 2001).

While the ABS has used this definition since the 1960s, many people are unaware of its implications. For example, if a person works for more than one hour per week then the ABS considers them to be employed, in which case they cannot be defined as unemployed. That is, people who work for more than one hour but who would like to work additional hours may be considered to be 'underemployed', but these people are by definition excluded from the official measure of unemployment.

Another potential definitional problem arises when people who do not have a job, and who would like to have a job, are excluded from the official definition of unemployment because either they were sick in the week the ABS conducted its survey (and they were not 'actively' searching for work that week), or they have given up the active search for work because they have formed the view that they will not be successful. This latter group is known as 'discouraged workers'.

Finally, it is important to distinguish between the number of people defined by the ABS as unemployed, and the number of people receiving unemployment benefits. While the former is determined with reference to the ABS definition provided above, the latter is dependent on meeting a wide range of eligibility criteria, including household income and the amount of money held in the bank. A married man who loses his job can be defined by the ABS as unemployed, yet ineligible for welfare benefits because of his wife's income, while a woman receiving benefits because she only has four hours work per week will not be defined as unemployed by the ABS.

As the above example shows, as a first step it is important for policy researchers to have a good understanding of the definitions and underlying concepts upon which quantitative data is based. However, understanding these definitions is only the first step in the quantitative research process. The second step is the analysis and reporting of the quantitative data itself. As the following example shows, even simple statistical techniques can be used to conceal as well as reveal the 'truth' behind quantitative data.

Case study: What is happening to the number of children enrolled in public schools?

In recent years there has been heated public debate about the role of public funding for private and public schools. Much of this debate has centred on the apparent

'exodus' of children from public to private schools, exemplified in the newspaper headline 'Push for values drives public school exodus' (Doherty 2004). The story begins, 'A demand for better discipline and a hankering for tradition, smart uniforms and moral values are driving parents out of public education and into private schools, exclusive research for the *Herald* reveals.'

The quantitative data on the number of students enrolled at government and private schools is freely available from the ABS website (see ABS 2008) and is summarised in the following figures. Figure 11.1 supports the conclusion that there has been an 'exodus' from the public school system, showing what appears to be a significant decline in the percentage of children attending public schools and an offsetting increase in the percentage of children attending private schools.

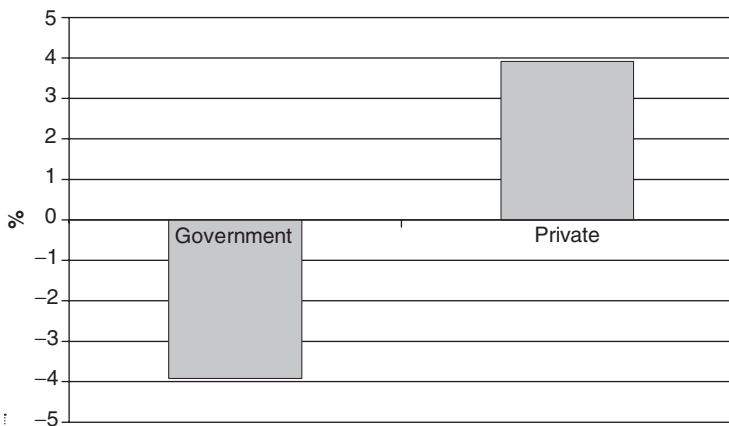


FIGURE 11.1 Percentage of children attending government and private schools in Australia – 1997 to 2007

However, the same data viewed through a different lens can tell what appears to be quite a different story. For example, Figure 11.2 shows the percentage change in enrolments at government and private schools between 1997 and 2007. It shows that there has been a much stronger growth in private school enrolments over the same period (21.9% compared to 3.9% in Figure 11.1). But it also shows there has been a small increase in the public school enrolments (1.7%).

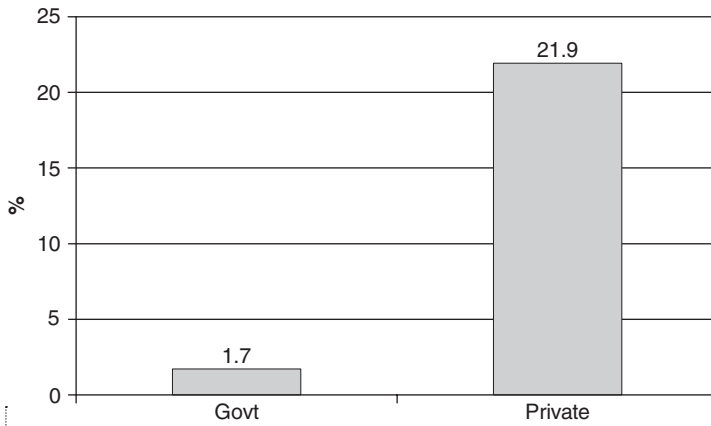


FIGURE 11.2 Percentage change in the number of public and private school students – 1997 to 2007

Finally, Figure 11.3 shows the absolute number of students in public and private schools in 1997 and in 2007. It makes clear that there has in fact been an increase in student numbers in public schools over the past decade rather than any exodus. While it is true that there has been much more rapid growth in enrolments in private school students, the data makes it clear that more people are enrolling in public schools than are leaving.

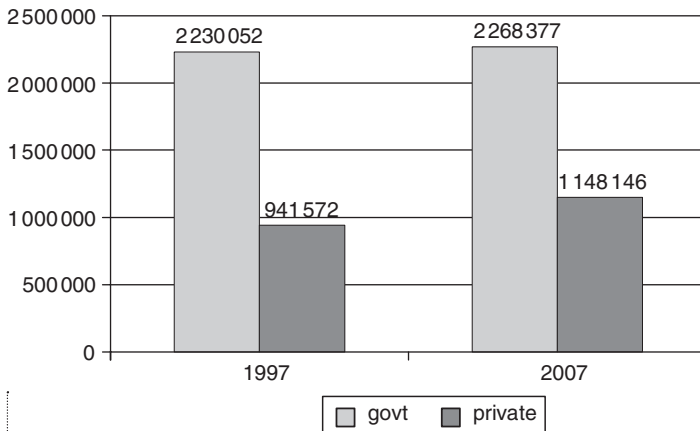


FIGURE 11.3 Number of students enrolled in public and private schools – 1997 to 2007

As the above example shows, the results of even simple quantitative analysis can be highly contestable. Quantitative analysis can take much more elaborate forms, involving tests of the statistical significance of the relationship between different variables, or the construction of econometric models which seek to predict the likely impact of a particular policy change based on the statistical relationships that exist between other variables (for an overview see May 2004; Fischer *et al.* 2006).

Qualitative research

Qualitative research seeks to provide a deeper understanding of the motivations behind behaviour. That is, whereas quantitative research seeks to answer the questions of ‘what happened?’, ‘where did it happen?’, ‘when did it happen?’, and ‘how many people were involved?’, qualitative research seeks to shed light on ‘why did it happen?’ and ‘how did it feel?’. Qualitative methods are designed to ‘capture meaning, process and context’ and are most appropriately used in research where the aim is to ‘explore people’s subjective experiences and the meanings they attach to those experiences’ (Devine 1995: 138). The main tools of qualitative research include in-depth, structured and semi-structured interviewing, direct and participant observation, and focus groups (a moderated conversation usually held by a small group of selected participants). These tools can be used in two main ways to inform the policy research process.

First, qualitative methods can be used to help policy researchers gain a deeper understanding of the issues associated with a policy problem at the outset of a larger research project. That is, before quantitative research is commissioned, or the terms of reference for an inquiry are finalised, policy researchers should consider the usefulness of the methods outlined above. For example, at the outset of a research project into unemployment benefits it may be of use to conduct interviews with individuals working with the unemployed or with focus groups to elicit the experiences of unemployed people themselves. This can help ensure that the right questions are asked later, in a larger quantitative study.

Second, qualitative research may be required to shed light on the findings of quantitative research. For example, survey data or the results of a statistical modelling exercise may suggest that a particular demographic group is more likely to be adversely affected by a policy

change but the reasons for such a disproportionate impact may not be apparent from the quantitative data itself. In such a situation qualitative research methods may yield deeper insights into the motivations or behaviours of the demographic group in question.

The following case study shows not only how qualitative research can be used, but how it can be combined with the results of quantitative research to provide a richer picture for policy makers than can be achieved from relying solely on one approach.

Case study: The SPRC Disability Support Pension new customer focus groups

In February and March 2004, the then Department of Family and Community Services (FaCS) conducted a quantitative study of people who had been granted the Disability Support Pension (DSP) between August and November 2003. The study aimed to provide a systematic, quantitative analysis of new DSP recipients' characteristics, their disability and impairment status, labour market histories and aspirations, educational and training backgrounds, pathways onto income support and service needs . . .

As a complement to the quantitative survey, FaCS also proposed a focus group study to explore qualitatively what made DSP customers apply for the DSP, their capacities and aspirations for community participation, work and education and training, their perceptions of the information received and the kinds of information, assistance and service support they would find helpful in meeting their aspirations. FaCS was also interested in the focus groups exploring the benefits of participation and the barriers preventing or discouraging participation . . .

It was intended that there be six focus groups of six to eight participants (36 to 48 participants), and that these be age-specific groups. While the numbers of participants fell short there was still some age clustering in the groups . . .

The focus group topics were organised around four key themes – participation and barriers to participation in a) community/social activity; b) employment; and c) education and training. The fourth focus was perceptions of information and how access could be improved . . .

The focus groups succeeded in providing detailed information about recent DSP customers' capacities and aspirations for community participation, education, training, employment and other forms of participation and the barriers experienced. The discussions also gave insight into the kinds of assistance and service support that participants would find helpful for meeting their aspirations . . .

(Edited extracts from Morris and Abello 2005: 1–28)

An important limitation of the in-depth and open-ended nature of qualitative research is that the conclusions of the researcher who has conducted a small series of one-on-one interviews are more likely to be contested than the results of a large survey of people conducted by selecting random telephone numbers (see Berg & Smith 1988; Daly & Lumley 2002). The question of 'validity' in relation to qualitative research has been hotly contested in the academic literature, with many qualitative researchers rejecting notions of scientific validity, while others propose different criteria by which to measure the validity of qualitative research (see Trochim 2006 for an overview). Nevertheless – and regardless of its shortcomings – when it comes to policy research it is likely that the 'hard data' produced by quantitative research will be the more persuasive.

Comparative research

A particularly important tool for policy researchers, especially those who do not have the time or budget to conduct original quantitative or qualitative research, is comparative policy research. In order to examine the relationship between two variables, or to examine the likely effectiveness of a range of policy options, a policy researcher may begin by considering interstate, international and intertemporal attempts to address the same or similar issues. If time permits, comparative policy analysis should be undertaken in order to inform any subsequent qualitative or quantitative research design. If, however, the objective is to influence a decision to be made in the near future, comparative research may have to act as a substitute for more customised research methods.

The practice of comparative policy research has become well established internationally, with an extensive literature emerging around both methodology and findings (see for example Castles 1993; Oyen 1990). The problems with comparative research have been equally well documented (see Triandis 1976).

The first problem is that of selection bias. Put simply, researchers can inadvertently, or deliberately, select states, countries or periods of time that will provide strong evidence for the success (or failure) of a particular policy approach. One solution to this problem is to compare across a number of states or countries, but this gives rise to the second problem, that of small sample size. The problem of small sample

size refers to the fact that when conducting statistical analysis of the relationship between different policies and outcomes it is desirable to have as large a 'statistical sample' as possible. The small number of states in Australia and the relatively small number of countries in the world makes it difficult to use statistical techniques to test the reliability of conclusions about the relationship between policies and outcomes. A third problem with comparative research is that differences in institutions, culture and even statistical definitions can lead to significant difficulties in interpreting whether or not policies are more or less effective in some countries than others, and whether policies that work well in one situation will be successful when imported into another.

While practitioners need to be familiar with the problems of using comparative analysis, this is true for all research methods. That said, comparative policy analysis is widely used by policy researchers, with issues covered including telecommunications regulation (Levy and Spiller 1996), central bank independence (Alesina & Summers 1993), welfare reform (Scharpf & Schmidt 2000), and the impact of religion on family policy (Castles 1994).

Conclusion: Weighing up the evidence or weighing up the politics

This chapter began with a discussion of the notion of evidence-based policy followed by an overview of some of the main forms of research evidence that can be used to inform policy. To conclude we highlight the way that different sources of policy evidence are weighted, both by policy researchers and by policy makers. The reality is that not all evidence is created equal. Data from official sources such as the ABS is considered to be more authoritative than data collected by an industry lobby group. Analysis conducted by government agencies is considered to be more authoritative than that conducted by an NGO. And policy proposals from an academic are more likely to be taken seriously than a contribution made by a concerned citizen. Such rules are not written down, and neither are they immutable, but both policy researchers and policy makers must rely on their own rules of thumb for comparing alternative descriptions of reality and alternative prescriptions for policy improvement.

While it is difficult to describe the ways in which conflicting research evidence can be weighted, it is virtually impossible to provide a structure to describe the process within which individual policy makers choose to weight often ambiguous and conflicting research evidence against the potential conflict with unstated personal, ideological and political preferences. It is often said that politicians have become ‘poll driven’, the suggestion being that objective polling data might be more influential than either policy research or the values and preferences of decision makers. While there can be little doubt that political parties rely heavily on opinion polls, as well as using focus groups and other qualitative research techniques to help select key words and phrases, there can also be little doubt that much policy reform proceeds despite, rather than because of, compelling polling evidence. For example, John Howard’s decisions to introduce the GST and to commit Australian troops to the war in Iraq were both taken despite consistent polling suggesting strong community opposition.

In sum, policy research plays a significant, but not dominant, role in the policy arena, alongside politics, polling and public perceptions. These conclusions may seem paradoxical, but it is nevertheless the case that there is neither evidence that policy-based research yields improved outcomes, nor that evidence-based policy even exists.

Questions for discussion

1. Do you think politicians mean it when they say they want ‘evidence-based policy’?
2. If you were Prime Minister, would there be any policies that you would want to implement regardless of the evidence being put forward by others?
3. Consider whether you think qualitative or quantitative research would be more useful for understanding the following problems: domestic violence; long-term unemployment; the level of consumer debt.
4. If you had to weigh up quantitative data that said there was no problem with unemployment among older workers with your own observation that it was imposing real costs on some members of your family, what would you do?

Further reading

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COMMUNICATION, ETHICS AND ACCOUNTABILITY

In the final chapter of this book we will focus on some key areas of policy work that often have wider implications. The first is the question of communication, both internally (in the form of a policy briefing exercise) and externally (to the media and the wider public). The second issue we consider is the importance of professional ethics and public accountability in policy work. O’Faircheallaigh *et al* suggest that public accountability regimes have two ethical dimensions: political accountability, meaning that responsible bodies should be answerable for the actions and inactions, and administrative codes of ethics, which require that these bodies observe codes of behaviour both publicly and internally. These two dimensions are related to one another but cannot necessarily, or neatly, be derived from one another, hence they are dealt with separately below (O’Faircheallaigh *et al.* 1999: 226).

Communication in policy work

Communication is essential to good policy work. Whether the need is to communicate advice to a minister, a decision to the general public, the findings of policy research or the outcomes of a consultation process, good policy needs good communication, both inside and outside government. Such communication takes many forms, from the policy brief and media release we discuss here, to research reports, oral presentations, media ‘grabs’ and appearances before committees of inquiry. Communication is also essential to democracy and therefore

to democratic policy making and has become inseparable from how governments operate. As Sally Young argues, communication:

is a dimension of every action or decision a government takes, from the way in which policies are made, promoted and enacted, to how government is organised and the relationships it builds with citizens, the media and other groups such as business and community organisations (2007: xxiii).

In short, to be an effective policy worker you need good communication skills – a fact you will find reflected in the selection criteria for most policy-related positions. Indeed, developing the appropriate communication skills for policy work is ‘a tricky, but essential, part of the vocation of policy analysis’ (Goodin *et al.* 2006: 6).

Internal communication

Policy advice to ministers has long been considered the most important role played by senior public servants (O’Faircheallaigh *et al.* 1999: 186). We have discussed some of the many challenges inherent in this role in Chapter 8, and here we provide some more technical advice on the preparation of a policy brief. In short, we follow the advice provided by Mike Waller, who suggests that well-prepared policy advice involves:

- taking a difficult and sometimes poorly understood problem or issue and structuring it so that it can be thought about in a systematic way
- gathering the minimum necessary information and applying the appropriate analytical methods
- formulating effective options addressing, where necessary, mechanisms for implementation, monitoring and evaluation, and
- communicating the results of the work to government in a timely and understandable way (1992: 441).

Timeliness is crucial in this type of work. The brutal reality of the political cycle may mean that an adviser has perhaps 24 hours to prepare a briefing. Challenge yourself to complete the following exercise within a certain timeframe – we suggest that you limit your time to between 3 and 5 days.

Exercise 12.1: Writing a policy brief

All policy officers and advisers will have a particular format in which they are required to prepare policy advice. Most workplaces will have an electronic template for this type of briefing. This exercise is intended to simulate this work as closely as possible.

Before you begin you will need to choose a current policy issue about which you will be preparing a briefing. The source of your information should be a single document such as a government or opposition policy document, a research report or the transcript of a speech. Once you have chosen the policy document, choose a role that you will assume as you write the briefing: Are you a ministerial adviser? If so, who is your minister? Are you a policy officer in the public service? If so, which department do you work for? Are you an advisor to a shadow minister? Which one?

Now that you have the policy issue and the role to match, plan how you will analyse and respond to the document. Plan any additional research you may need to do to write the policy briefing/analysis. Write up your brief according to the guidelines below, in **NOT MORE THAN THREE PAGES** (single spaced). Ensure that you include the following headings:

1 Issue

This should be a simple statement of no more than one sentence. It may be as little as the name of the policy document/statement you are analysing, or it may be a sentence that encapsulates the issue.

2 Background

In the background section of your policy briefing you should clearly and concisely summarise the policy document/statement that you are analysing. The person you are advising will probably not read the original document so they are relying on you to provide them with accurate information about the policy area.

Included in this section should be a precise and concise overview of the background to the policy issue. This may include discussion of current and previous policy in the area, views/policies of the various parties, media debate/discussion, public opinion, why the issue is on the agenda now, known public views, the views of main stakeholders and so on.

3 Current issues

The current issues section of your briefing should discuss the implications of the policy/statement you are analysing. Why is the issue important to the person for

whom you are writing the brief? Why do they need to know about this? What are the strengths and limitations of the policy/statement? How does it differ from the position of the department/minister for whom you are writing the brief? What are the implications of the policy/statement for your minister/department/party, stakeholders, target groups etc?

NB. Sections 2 and 3 will probably require you to do additional research. You should refer to this research in the briefing, although you will not include a bibliography.

4 Recommendations

Your briefing must conclude with recommendations, even if the recommendation is to take no action at this time. Your recommendations should be numbered and in point form, expressed in no more than a sentence or two. Consider your tone carefully and ensure that you are making recommendations that are actually within the scope of powers available to the person you are briefing. The recommendations section should start: That the Minister/Shadow Minister/Director-General/Secretary should ...

It is extremely important that you think about tone in writing your brief. Consider who you are writing for, the party they are from and what their views on the policy issue might be.

External communication

Communicating through the media is also an essential aspect of the work of modern governments. As discussed in Chapter 9, government–media relations are in part about ‘spin’, in part about controlling the agenda, and in part a genuine effort to keep the public informed of government activity. This aspect of policy work can, at its best, make a real contribution to involving citizens and stakeholders in debate on issues that are currently open to consultation (Head 2007). At its worst it can degenerate into mere PR. Nevertheless, it is testament to the significance of this type of political communication that, as Ian Ward notes, state, territory and Commonwealth governments currently employ around 4000 journalists in some form of public relations capacity (Ward 2007: 17).

It is not only governments, however, that need to communicate about policy through the media. Non-government organisations have also used the media to great effect. On a number of notable occasions

NGOs have played a role in getting their issues onto the national policy agenda in ways that have had a long-lasting influence. For example, the Women's Electoral Lobby questionnaire that was circulated to all candidates during the 1972 election campaign received widespread media attention and saw feminism and 'women's issues' become issues of national concern. Similarly, the spectacular visual impact of the Wilderness Society's campaign to save Tasmania's Franklin River saw the campaign receive daily media attention on the television news and not only stopped the damming of the river but also influenced the outcome of the 1983 federal election (Maddison 2007: 255). Despite these successes, however, it must be observed that there are substantial resource inequalities between NGOs and governments wanting to communicate about public policy via the media. As Sally Young notes, 'Volunteer labour, lack of media interest, lack of resources, and even lack of confidence can be inhibitive' (2007: 286). It is for these reasons that we provide the exercise below on writing a media release, an essential first step for any group or individual wanting to communicate about any issue of public policy.

Exercise 12.2: Writing a media release

A media release (or press release) is a short statement prepared on behalf of an individual or an organisation for the specific purpose of informing journalists of something considered by the author to be 'newsworthy'. While there are no written rules about who can issue a press release or how a press release must be structured, if the objective of the release is to attract the attention of journalists then it is essential for the author to conform to a number of widely accepted norms.

A media release needs to be short, sharp and to the point. It needs to grab the attention of journalists who see literally hundreds of them each week and it needs to be easily usable by them if they do decide to follow it up. A media release should not run longer than one A4 page, although additional information can be attached in a 'backgrounder' if required. Have another look at the AID/WATCH media release in Chapter 10 for an example.

To begin this exercise you need to choose an organisation that works on an issue of interest to you. Go to their website and identify a current campaign or focus in their work. Prepare to write the release by doing any additional research you need to do to ensure that your release will sound confident and, more importantly, be accurate. Then follow these steps:

1. List the major points that you want to get across in relation to your issue and then place them in descending order from most important to least important. Check that the first few points convey the key messages that you need to get across.
2. Try to come up with an 'angle' or 'hook' that is going to make your release stand out from the others. Often this will involve linking your issue to another issue that has been in the news lately, demonstrating that your release is timely and topical. Be careful not to let the release seem gimmicky.
3. Include a header that says MEDIA RELEASE and put the date and your contact details at the top of the page. If the material is for immediate release, say so. If the material is embargoed (prohibited from release) until a particular time or date, say so.
4. Write the headline for your release. This should be a strong expression of the key message of the release and should identify to the journalist what the topic or subject of the release is.
5. Now think about the content of the release. The first paragraph should make the first major point from your initial list. This is your key message. The first paragraph should grab the reader's attention and include the key facts you are trying to convey. Don't save the best for last as it may never be read. Do not begin with background information.
6. Now sketch out the subsequent points you want to get across, each of which should support your key message.
7. You need to use quotes from relevant people in your release. This is important, as journalists will be looking for ways to minimise the work they have to do to run the story and they will often just run the quotes as you have written them, particularly in smaller media outlets. If you are the spokesperson in this case, write the quote that you would give if a journalist rang and asked you – keep it short and to the point!
8. Always write your release from the media outlet's point of view. Think about what will make your story relevant to their readers, listeners or viewers.
9. At the end of the release include the name and telephone number of a contact person. Include an after-hours number.
10. Consider the timing of your press release carefully. Newspapers are written in the daytime and printed at night. A media release at 4 pm is unlikely to be as successful as a media release at 10 am. Also think about what else is going on at the time – the opening day of the Olympics or the day the Pope arrives is a bad day to try to focus attention elsewhere.

For government and non-government policy workers alike, developing skills in working with the media will raise a new set of challenges, not the least of which is the balancing of competing values and interests. How policy workers resolve these issues will in part depend on their understanding of professional ethics, which will guide their 'selective judgements' (Shue 2006: 710) about what to say to the media and when.

Professional ethics

Policy work involves inevitable conflicts among competing values and interests. Policy workers must constantly balance questions of equity, efficiency, costs and benefits as well as professional values such as impartiality, confidentiality and loyalty. Behaving ethically in the midst of such conflicts is an infinitely challenging and complex task that is often not reflected in the black and white of professional codes of conduct. In the public sector in particular, ethics have been 'a perennial if often illusive concern', not least because public sector policy work uses public resources and requires high standards of performance in all aspects of policy workers' responsibilities and duties (O'Faircheallaigh *et al.* 1999: 225). O'Faircheallaigh *et al.* define public sector ethics as:

the disposition to distinguish right from wrong and to pursue the right course of action, on the basis that officials have as their first duty to serve all citizens rather than their administrative superiors or their own conscience and are guided by values that reflect societal expectations regarding the appropriate role for government (1999: 225).

Weimar and Vining (2005: 40–1) suggest that policy workers as 'professional givers of advice' should hold three values paramount in resolving ethical questions:

1. analytical integrity
2. responsibility to the client, and
3. adherence to one's personal conception of the good society.

It is when these three values come into conflict for a policy worker that ethical dilemmas can arise in policy work. When faced with an ethical dilemma, policy workers must decide whether and to what extent a particular value can be sacrificed in light of the range of actions or

responses that are available to them. This range of choices has been best articulated by Albert Hirschman in his book *Exit, voice, and loyalty* (1970), which explores how people can respond to dissatisfaction with the organisations in which they work or participate. Hirschman argues that workers can exercise **voice** by speaking up about their concerns and working to change an organisation from within, or they may **exit**, by quitting the organisation due to perceived value conflicts. An individual's degree of **loyalty** to an organisation will determine whether and how much voice is exercised before exit is chosen.

Weimer and Vining take Hirschman's framework as a starting point before abandoning the concept of loyalty for the concept of disloyalty to suggest that loyalty is in fact another dimension to action in the face of an ethical dilemma in policy work, rather than being merely a contributing factor in the choice between voice and exit (2005: 45). They ask of policy workers, under what conditions might you feel ethically justified in choosing each of the actions listed in the figure below?

The range of options outlined by Weimer and Vining suggest a complicated set of challenges for policy workers. The complexity of this situation is rarely discussed in professional codes of conduct, such

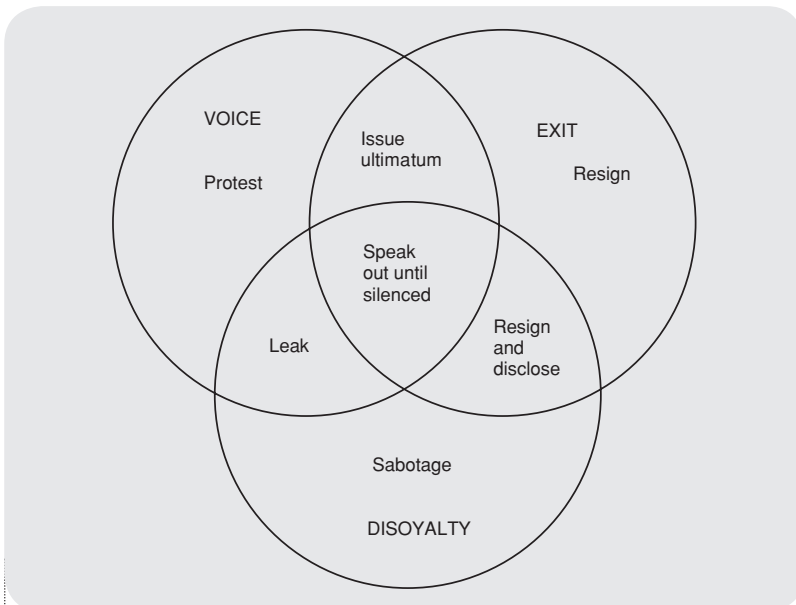


FIGURE 12.1 Alternative responses to value conflicts
(Weimer and Vining 2005:46)

as that endorsed by the Australian Public Service Commission, which states that employees must:

- behave honestly and with integrity in the course of APS employment
- act with care and diligence in the course of APS employment
- when acting in the course of APS employment, treat everyone with respect and courtesy, and without harassment
- when acting in the course of APS employment, comply with all applicable Australian laws
- comply with any lawful and reasonable direction given by someone in the employee's Agency who has authority to give the direction
- maintain appropriate confidentiality about dealings that the employee has with any Minister or Minister's member of staff
- disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with APS employment
- use Commonwealth resources in a proper manner
- not provide false or misleading information in response to a request for information that is made for official purposes in connection with the employee's APS employment
- not make improper use of:
 - inside information, or
 - the employee's duties, status, power or authority, in order to gain, or seek to gain, a benefit or advantage for the employee or for any other person
- at all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS
- while on duty overseas, at all times behave in a way that upholds the good reputation of Australia, and
- comply with any other conduct requirement that is prescribed by the regulations (APSC 2008).

Developing the skills, resources and capacity to comply with this code of conduct will be challenging for new policy workers. Implicit in this will be the responsibility to always fulfil your obligation to protect the rights of others, to support the democratic process, and to be vigilant over your personal and professional integrity (Weimer & Vining 2005: 53). Thinking ahead to what one might do if these core values are being compromised in the line of duty is an important thought exercise that will assist in the development of an ethical orientation to all policy roles.

Ethical dilemmas in public administration: The 'ALIR' imperatives of ethical reasoning

When confronted with the fundamental question of what to do and how to act in complex situations, and to the extent that contrasted values or decisional premises could apply in the situation, one is entering the world of ethical dilemmas or that of 'hard choices'.

A dilemma is something wider and more demanding than a problem, however difficult or complex the latter may be. The reason is that dilemmas, unlike problems, cannot be solved in the terms in which they are initially presented to the decision maker. Caught on the horns of a dilemma, the decision maker is not only faced with opposed and perhaps equally unwelcome alternatives; even worse, their incompatible juxtaposition also implies that they are mutually exclusive in the sense that the satisfaction of the one can only be made if the other is sacrificed. It is then the case that solving a dilemma resembles a zero sum game, whereby the choice of one value alternative is necessarily followed by the negation of the other. 'Solving' the dilemma in such a way would, therefore, be a contradiction in terms and a misnomer, since the solution reached likewise would seem to be no more than a scission and a dichotomic split of the intertwined aspects of the issue at hand.

A dilemma may, however, be dealt with in a more effective and appropriate way if the terms of reference are altered and the whole situation is reformulated and redefined so that full account is taken and due respect paid to the warring value options, which are then ordered and linked among themselves in a more systematic and coherent manner . . .

In an effort to make some sense out of the multitude of criteria that one way or another enter and frequent the organisational landscape of public administration a set of ground rules have been distinguished which, first, classify in an orderly way basic administrative dilemmas; and second, ought to be taken into account whenever one is engaged in the business of dealing with them. It will be seen that the set of guiding ethical principles, which is heuristic in nature, is constructed on the basis of an ideal type . . .

The advanced set of fundamental principles or criteria that integrate and rearrange the process of dealing with ethical dilemmas in public administration are: (1) democratic *accountability* of administration, (2) the rule of law and the principle of *legality*, (3) professional *integrity* and (4) *responsiveness* to civil society.

What may perhaps conveniently be described as the ALIR model of imperatives of ethical reasoning in public administration (from the initials of its key notions)

... provides in a condensed form an 'ethical canon' which is, of course, subject to and open to testing in practice and theory.

(Adapted from Makrydemetres 2002)

Whistleblowing and leaks

One particular source of concern with regard to professional ethics for public sector policy workers concerns the disclosure of confidential information to the media. Given the highly politicised nature of policy work there is an almost inevitable tension between providing advice in the public interest and respecting the confidentiality of that advice. When an adviser believes that in order to act in the public interest they must break their obligation to keep their advice confidential, they are known as a whistleblower (see John 2005; APRA 2008). A whistleblower is defined by Miceli and Near as:

an organisation member (former or current) who makes a disclosure of illegal, immoral or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action (1984: 689).

In the largest survey of its type in Australia, Brown (2007) reports that 71.4 per cent of the 7663 public sector respondents reported having observed some form of wrongdoing in their workplace in the two years prior to the survey. Significantly, Brown also found that 28.5 per cent of respondents who observed wrongdoing they considered 'very' or 'extremely serious' did not blow the whistle (2007: v).

Within the context of the broader policy process it is possible that the decision to 'blow the whistle' on what might be described as 'policy malpractice' is likely to be more contentious than when a public servant witnesses financial fraud or interpersonal abuse. That is, rather than being able to objectively assess whether there has been a breach of the law or departmental guidelines, a policy whistleblower must come to the subjective conclusion that their obligation to inform the public of a particular state of affairs is greater than their obligation to treat the advice they provide to the government with the strictest confidence. While an individual whistleblower may believe that they have done the right thing, their department may feel otherwise, because for governments to rely upon the skills and advice of public servants there must be a high

degree of trust in the relationship. The reality for public servants is that in exchange for access to high level knowledge about the intentions of the minister, public servants must commit to a very high level of discretion regarding how such information is used. When this trust is broken, and knowledge is passed on to third parties without authorisation, it is known as a 'leak' and, rightly or wrongly, governments regularly call in the police to search for the source of such disclosure (see Ester 2007). While public servants are by no means the only potential source of a leak, as the information in the box below shows, they are usually considered to be the most likely suspects, if only because the only other parties with similar knowledge are members of the governing party.

Case study: The FuelWatch leak

In May 2008 Cabinet submissions relating to the proposed FuelWatch scheme were leaked to the media. Cabinet submissions are briefing papers prepared by a government department to help inform a Cabinet decision. They are particularly sensitive documents as the Cabinet decision-making process relies on the fact that different ministers will provide different perspectives on an issue but, once a decision is made, all ministers take collective responsibility for the decision. This binding obligation on ministers is known as 'Cabinet solidarity'.

The leaking of a Cabinet submission creates a number of different problems for the government of the day. First, such a leak typically exposes the extent of disagreement between individual members of the Cabinet, which can make it more difficult for the government to 'sell' their policy proposal to a sceptical public. Second, the leak is likely to provide the Opposition and the public with a systematic critique of a government policy that has the added authority of being prepared by the government itself. Finally, the trust between the Cabinet and the public service is diminished, making it more difficult for the government to draw on the resources of the public service when making sensitive decisions in the future. In the words of the National Secretary of the Community and Public Sector Union, Stephen Jones:

It really does undermine the fundamental basis of the relationship between the government and public service, which is one of trust, and being able to give frank and fearless advice (ABC 2008a).

The seriousness with which the Government viewed the FuelWatch leak was evidenced by their decision to call in the Federal Police to investigate. As the Federal Attorney General, Robert McClelland, argued, 'In the context where we expect and

want the public service to give frank and fearless advice . . . the fact that these coordination comments have been leaked risks undermining that culture that's been a very, very important part of our political system' (ABC 2008a).

A final word on accountability

In the introduction to this book we noted the fundamentally political nature of public policy-making work. Whether one is working inside or outside government, as an adviser, a bureaucrat or in an NGO, the policy that is produced by the often-disorganised policy process will have impacts on real people's lives and will probably be reliant on some degree of expenditure from public funds. At the end of the day politicians must be able to justify both decisions and public expenditure to the voting public, yet John Uhr has described accountability as 'probably one of the most basic and yet most intractable of political concepts' (1993: 13). Although accountability is seen as a sort of 'golden concept' that nobody can appear to be against (Bovens 2006: 5), in reality, as Richard Mulgan has suggested, the term has come to stand for 'any mechanism that makes powerful institutions responsive to their publics' (2004: 8). Despite these challenges however, robust structures and processes that can ensure government accountability are a crucial aspect of democratic government and policy making, as the former member for Hawkesbury, Kevin Rozzoli, argues below.

Kevin Rozzoli: Renewing accountability

The failure of present day parliaments to hold governments to account for the actions they take on behalf of ordinary citizens demands radical reforms. Instances of ministers and governments thumbing their noses at the community are legion; examples need not be listed here as readers will relate to many cases in those areas which particularly concern them.

While accountability has slid down the slippery slope in Australia, major reform has been underway in other Westminster parliaments within the Commonwealth. The United Kingdom now has a Parliamentary Standards Commissioner while Canada is dramatically tightening bans on political donations. While these models

strengthen the effectiveness, integrity and accountability of government, in Australian parliaments watering down has been the order of the day.

Accountability is at the core of democratic government. It should enable us to assure ourselves that the governments we elect are acting in our best interests rather than special interests or their own political futures.

Accountability should inform us how the power we give government is used efficiently, effectively and fairly. Accountability should show us how ministers and governments react when things go wrong and what they do to set things right.

However, the principles and practice of accountability are rarely spelled out clearly and so are difficult to enforce.

[Our proposals for reform] . . . are built on three fundamental principles:

- Ministers are answerable for not only their own acts and omissions but those of all persons and organisations acting under the prerogative, legislative or contractual authority vested in them, backed by the operation of true freedom of information (FOI);
- The appointment of a Parliamentary Standards Commissioner with powers to investigate and report to Parliament and the public on alleged breaches of accountability guidelines and codes of conduct as an independent Officer of the Parliament; and
- The enshrinement of accountability standards and measures in special legislation.

Ministers

Ministers are appointed to administer legislative powers within their portfolio and the staff, government departments, agencies and contractors who actually perform the work of government. However, only ministers are answerable to parliament and the people for these functions. They are accountable whether done at their personal direction, with the assistance of personal staff such as ministerial advisers, by public servants or outsourced.

However, ministerial accountability must be much more sophisticated than the common call for resignation when something goes wrong. Resignation is the ultimate sanction. There are five other avenues through which ministers can respond depending on the circumstances. They are: redirecting the question to the relevant minister; providing all relevant information; providing full explanations; taking any necessary remedial action; and accepting personal culpability.

In each case ministers must give direct answers when asked by the parliament to explain their actions. In giving these answers not only ministers but their staff, public servants and contractors must be open to questioning by parliamentary

committees. All may hold information about actions by or on behalf of government which Parliament and the public has a right to know.

However, even parliamentary questioning has its limits, for example, procedural and time-related factors and the lack of capacity for in-depth forensic examination.

Parliamentary Standards Commissioner

An independent official could expose misconduct which otherwise would remain obscured by political smokescreens or dismissed as politically motivated allegations. We propose that Australia build on the success of the UK model by empowering a Parliamentary Standards Commissioner to investigate and report on breaches of accountability. The Commissioner would be appointed by a bi-partisan Parliamentary Committee. Reports by the Commissioner would have a strong impact. However, where necessary, a report could also be referred to the appropriate parliamentary privileges committee.

Special legislation

These proposals should be backed by an Act of Parliament clearly setting out the principles, nature and extent of ministerial accountability empowering Parliament and the public in their dealings with governments, ministers and their staff, public servants and contractors who would in turn gain a clearer understanding of their obligations to Parliament and the public.

These proposals which build on principles and practice well established in other parliamentary systems can be readily adopted in Australia to the great benefit of good governance. We invite comments on these proposals, further details of which are outlined in *Why Accountability Must be Renewed*, which we have written in collaboration with a number of colleagues and published.

(Rozzoli 2006)

Rozzoli's concerns primarily relate to the features of Australia's system of responsible government, which were outlined in Chapter 1. To remind you of this framework: under a system of responsible government, the government of the day, with its majority of seats in the House of Representatives, is responsible to the parliament as a whole. Parliament is responsible to the citizens of Australia through elections at which voters are thought to hold them accountable for their performance. In practice this means that parliamentary systems operate through formal systems of accountability that include the accountabilities of public servants to their ministers. It is these systems that Rozzoli is seeking to strengthen with his proposed reforms. As Owen Hughes argues: 'Any

acts of the government are supposed to be, in the final analysis, acts of the citizens themselves through their representatives' (2003: 237). But Hughes also points out that one of the changes that has come with public management reforms is that the bureaucracy is becoming more directly accountable to the public for its own performance. Demands for a client focus, more responsiveness from the bureaucracy and the personal responsibility of managers are changing the system of accountability of the public service and the relationship between government and citizen (Hughes 2003: 248–9).

Beyond the parliament and the bureaucracy, however, there exists a range of formal and informal 'citizen-based accountabilities' such as service quality agreements, ombudsmen, freedom of information laws and administrative appeals tribunals that allow citizens to hold public servants and elected officials accountable for their actions and decisions. This sort of 'downward accountability' is promoted in the belief that it will improve the overall quality of public policy decision-making (O'Faircheallaigh *et al.* 1999: 208–24). Hill has outlined various forms of accountability that he sees as relevant to policy work:

- political accountability of the type discussed above
- hierarchical accountability, or accountability to the 'head' of an organisation
- direct democratic accountability to the public, although this may be complicated by different understandings of who 'the public' are
- legal accountability
- professional accountability, that is, accountability to professional principles and codes of practice, and
- bureaucratic accountability, which is normally derived from political, hierarchical or legal accountability but which may also involve an overriding set of responsibilities similar to those related to professional accountability (2005: 261).

Robert Behn has outlined a similar set of accountabilities that come into play in policy work. Specifically, Behn describes:

- Accountability for finances, which is the original mode of accountability, from which the word itself is drawn (that is, from 'account'). Financial accountability remains of importance, particularly with regard to the expenditure of public funds.
- Accountability for fairness, which stresses the fact that governments have a responsibility to treat all citizens fairly and should be held to account if their policies and programs are deemed to be unfair.

- Accountability for performance, which emphasises the accomplishment of public purposes based on expected outcomes and measured against benchmarks and other performance indicators (2001: 6–10).

However, Behn also notes that these three forms of accountability will rarely be achieved at the same time and may even be contradictory. Managing accountability for fairness and financial accountability may not always balance well with demands for performance accountability (2001: 30). For the policy worker, the tensions involved in juggling these competing demands along with the demands of partisan politics and their own professional accountabilities to norms and standards of behaviour are often a part of their daily working life (Radin 2000: 105).

Accountability in the Australian Public Service

APS employees work within an accountability framework comprising a continuum of accountability relationships:

- Governments are accountable to the Australian people at elections.
- Ministers are responsible for the overall administration of their portfolios and accountable to the Parliament for the exercise of Ministerial authority.
- Public servants are accountable to Ministers for the exercise of delegated authority and through them to the Parliament.
- Public servants are also accountable for their performance through agency management systems.

Public servants must also conform with the law, and may be held to account through the legal system.

(Australian Public Service Commission 2008)

Outside of government and the bureaucracy it is also important to be mindful of the ways in which anyone involved in policy work, anywhere, and at any stage in the process, will have a range of important accountabilities. You may be accountable to a research community for representing their work and findings accurately and ethically. You may be representing a particular group or interest and accountable to them for representing their views and concerns accurately and with integrity. And, perhaps most importantly, we will all, in one way or another, be

accountable to future generations for the legacy that our policy work leaves to them.

Questions for discussion

1. Imagine an employment scenario in which you would choose the 'exit' option. What would influence your decision?
2. Would you behave unethically in the present if you believed it would achieve a greater longer-term good?
3. Consider the three forms of accountability outlined by Behn. Which do you think is the most important for public sector policy?

Further reading

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