Building a National Vocational Education and Training System

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Robin Ryan, March 2002

Contents

Preface

The research reported here was originally conducted between 1995 and 1999 for the PhD degree program of the School of Education at Flinders University, South Australia.

The research in turn built on the author's experience as an official in a State Technical and Further Education Department during a turbulent time in the sector's history when previous patterns of Federal-State cooperation were overturned in an attempt to assert dominance by the Australian Commonwealth Government.

It was an interesting time to be part of the sector, especially for one with a lifelong theoretical and practical interest in federal-State relations and the wider theory of federalism. The research was therefore structured as an exploration of contemporary issues in Australian federalist theory. This theoretical dimension, together with an analytic framework derived from policy studies, meant the research was as much an essay in political science as in education management.

This publication is a considerable abridgement of the doctoral thesis, omitting a good deal of older historical material. This means that one of the arguments of the thesis, which linked oscillating attitudes to the educational or utilitarian purposes of technical education to changes in the underlying values of the political system, is made less strongly and with only partial documentation of sources.

The thesis was intended as a policy history of Australian vocational education and training (VET) viewed through the prism of the institutions which have been established at various times to coordinate, manage and control the public provision of VET. The focus is on institutions which are national in the sense that they

1. have been developed by the federal government, with varying degrees of State participation; or
2. have been established by the States themselves with a national focus and the intent of concerted action; or
3. more recently, have been constructed as genuinely national, federalist institutions incorporating both Commonwealth and State functions and jurisdictions.

The dominant national institution in contemporary Australian vocational education and training is the Australian National Training Authority (ANTA). The policy processes and conflicts which led to the creation of ANTA are a primary focus of the research and constitute most of the empirical material in the study. However, ANTA is by no means the first national VET institution and in many ways it represents the culmination of a series of attempts to bring a national focus to this sector of tertiary education.

The Argument

The study argues that the crucial factor leading to the episodes in which vocational education entered the realm of high politics, and influenced the broader flow of Federal-State relations, was the convergence of value systems specific to vocational education with the dominant value system influencing national policy making.

This argument seeks to establish that policy in vocational education has, throughout almost two centuries, oscillated between two poles. At one, vocational education is seen largely as an instrumental adjunct to economic development and the primary concern of the sector is to meet the needs of industry rather than of students. In the second view, vocational education is seen as primarily student centred, with aspirations equivalent to those of liberal education, encompassing goals of individual self-development and the creation of a more equitable society.

Although these two perspectives represent opposing 'ideal types' in the Weberian sense, in practice both are present at any one time and it is feasible that both may be almost equally emphasised in VET policy and rhetoric. Never-the-less, the study attempts to establish that at most times one or other of the competing value systems has tended to dominate and that during such a time VET coordinating institutions are created which reflect the dominant value.

It is also argued that the value systems which underpin broad national policy and administration, throughout the whole domain of government endeavour, are similarly subject to cyclical change. At different times it has been possible to point to the sense of nationalism which accompanied the birth of the federation; to the energetic response to crisis, notable in war and reconstruction; to the commitment to national economic development and growing interest in a more equitable society which marked the post-war years, especially the 1970s; and to the growth of economic rationalism and corporate managerialism which characterised the 1980s and 1990s.

When one of these cycles of national values coincides with one of the competing value systems underlying vocational education, either in a reinforcing or in a contradictory manner, vocational education is likely to experience one of its appearances as a major item of the national policy agenda and to influence, and be influenced by, contemporary debates on the nature of the federation and the style and function of federalist institutions.

Research Questions

The research utilised two levels of theory: one a series of hypotheses derived from the theory of Federal-State relations; the second an analytic model built from contemporary policy studies. This combination led to the formulation of a series of research questions.

1. What factors have caused vocational education policy to emerge at various times at the forefront of political debate and institution building, while for long periods the management of vocational education has elicited little interest from national policy makers?
2. In what degree has the conceptualisation of the Australian Commonwealth in concurrent rather than coordinate terms acted as a significant influence on the evolution of vocational education policy and the institutions through which it has been expressed?
3. To what extent has cooperation rather than conflict characterised the normal operation of Federal intergovernmental relations and what circumstances have

given rise to breakdowns in Federal-State cooperation, as evidenced in vocational education policy?

4. In what manner have successive paradigms of administration, notably corporate managerialism in the 1980s, resulted in substantial shifts in the style and substance of federalist policy and institutions?
5. To what extent has vocational education policy provided evidence of a convergence in attitudes to federalism by the major political parties, resulting from an increasing if incremental centralism within the conservative coalition and the reconciliation of the Labor Party to federalist policy solutions?
6. What has been the role of values in aligning vocational education policy with the broad mainstream of national policy development?

Language and Style

The subject of this study has been referred to at various times as 'technical education', 'vocational education', 'technical and further education', and 'vocational education and training'. During the period in which the Commonwealth attempted to take over State TAFE systems, the term 'TAFE and Training' was often employed.

The current mode of expression is to use the term Vocational Education and Training (VET) to refer to the totality of provision, including the public system, private educational providers, the voluntary and community sector and enterprises acting as trainers. The largest element of this combined system of provision is the public technical and further education sector (TAFE), offered through establishments commonly referred to as Institutes of TAFE and, in some instances, Institutes of Technology.

On many occasions these various terms have overlapped in usage, especially during the years in which technical education was gradually replaced by TAFE, or while the term VET came gradually into use. In the thesis, terms like vocational education and technical education are used as broad, generic terms, applicable at any historical period. The term TAFE is employed specifically to mean the public vocational education sector. The thesis has followed the practice of shifting between terms when that was the contemporary usage. In particular, the terms technical education and TAFE coexisted for a considerable period in the 1970s and 'TAFE and Training' was sometimes used as an alternative to VET in the early 1990s.

One of the achievements of modern vocational education is that it has opened its reach from a narrow clientele, such as the young males who dominated apprentice training for most of the century, to a much wider client base in respect of age, gender and ethnicity. This achievement is quite specifically the outcome of measures set in train by the Kangan Report (Schofield, 1994, 68-72). However, the language of an earlier time is often characterised by a lack of inclusivity which grates on the modern reader, but which cannot be eradicated from contemporary sources. One benefit of quotations from such sources is the evidence they provide of how far vocational education has developed as a service to the whole Australian population.

1

Introduction

Background

In the latter part of 1991, State and Territory Ministers responsible for technical education and training throughout Australia noted a new assertiveness about the role and function of their sector from the Commonwealth Minister for Employment, Education and Training, John Dawkins. Dawkins had proved an activist Minister since taking the portfolio, which he saw as principally an economic ministry, in 1987.His initial focus was on the universities and, at a later stage, post-compulsory education of young people generally.

Dawkins' initial reform was in higher education, a Green Paper issued in 1987 (Dawkins, 1987) eventually leading to a wholesale restructuring of higher education and the disappearance of the College of Advanced Education sector. At the time of the Green Paper, it seemed that Dawkins' principal view of TAFE and Training was that it should adopt a support role in his planned expansion of university numbers.

The fundamental argument of the higher education Green Paper was the perhaps overly simplified proposition that Australians participated in higher education at a much lower rate than many other OECD countries (Dawkins, 1987, 9-12). However, participation figures looked significantly healthier if higher level TAFE course were included and a number of measures were suggested for the closer integration of TAFE with higher education.

This aspect of the Green Paper met with a lukewarm response from the TAFE sector, a matter of some disappointment to the Minister (Dawkins, 1989 4, 65). The Australian Conference of TAFE Directors pointed out that the Green Paper's proposed expansion of TAFE diploma level courses was already well underway and supported moves to improve articulation between the TAFE and higher sectors. However, they were doubtful about the use of their already inadequate facilities to host higher education courses and were strongly of the view that they did not wish to see emphasis placed on higher level courses at the expense of other provision (Goozee, 1995, 114; Ryan and Hardcastle, 1996, 239).

In any case, Dawkins had already embarked on a separate path, in which TAFE was cast as a handmaiden of industry, with a significant downplaying of its role in general education (Dawkins and Holding, 1987).

Dawkins and his Department and agencies continued to lay the grounds for a challenge to the *status quo* on TAFE and Training through a series of discussion papers, reports and enquiries (Dawkins, 1988; DEET 1988; Dawkins 1989a & b; ESFC 1989; Deveson, 1990). However, a more significant advance in his agenda came through the Finn Review of Post Compulsory Education (Finn, 1991). The Finn Report, commissioned by all Australian governments through the Australian Education Council, proposed ambitious age-based participation targets for young people, leading to concerns about the ability of State funded school and TAFE systems to resource the increased demand foreshadowed.

It will be argued below that the demand expectations generated by the Finn Report were part of a systematic attempt to set an agenda for the Federal Government's ambitions in the TAFE sector, reinforcing alarm created by the Deveson Review on the training costs of industrial award restructuring (Deveson, 1990). Clearly, an increased Commonwealth funding role, with the inevitable concomitant increase in federally imposed sanctions and conditions, was certain to follow. State and Territory Ministers, however, were largely unprepared for the comprehensive nature of the changes demanded by Minister Dawkins.

The Take Over Proposal

In October 1991 Minister Dawkins, at a ministers only dinner prior to a formal session of the combined Ministerial Councils on education and vocational education, astonished his colleagues with a proposal that the Commonwealth should take control of all existing State and Territory TAFE systems. Although this was one of a range of options under consideration by an officials' working party, no one had viewed either extreme (the other was complete Commonwealth abandonment of the field) as viable within the normal ambit of Federal -State relations.

Dawkins' proposal, according to a minister present, led to a "monumental blue" (Lingard, transcript of interview, 18/1/1994). It initiated an extended period of intense conflict between Commonwealth and States and among the States, involving officials, ministers and heads of government, with elements of the media aligned with one side or the other. The eventual resolution broke new ground in Federal-State relations and in national institution building, but left a legacy of distrust, which has continued to influence policy and operational issues to the present.

This period of intense conflict among governments, which lasted from October 1991 until July 1992, warrants detailed study for a number of reasons.

First, the conflict was of inherent interest to a considerable section of public opinion, as contestants recruited other agencies of government, business and union representatives, public figures and the media to support their stance, often accompanied by colourful language and energetic recrimination.

Secondly, the contest for the control of TAFE is of interest to historians of education, because the technical and vocational education sector is one which seldom appears at the forefront of public debate. When it does, it is usually because the concerns of vocational education and training have tapped into some wider national concern and, often, a significant shift in community values. This has been the pattern in the relatively rare appearances of vocational education as a primary political issue: for example, in the late nineteenth century; during the Great Depression; in periods of war

and post-war reconstruction; and in the era of social activism which led to TAFE's 'Golden Age' between 1974 and 1986.

Thirdly, the conflict was one which focused many of the concerns about the nature of the Australian federal compact at a time – the Hawke Government's 'New Federalism' and the Keating administration's reaction against it – when federalism had emerged as a prime economic and political issue. At the same time, the theoretical dimension of federalism had achieved a renewed liveliness in scholarly debate and the conflict over TAFE provides an unusual window on the way federal principles operated at the end of the first century of federation, one which casts important light on the theoretical discussion.

Finally, the contest between Commonwealth and States provided a unique insight into the way policy is formulated, debated, adjusted and implemented in Australia. Much of what becomes settled policy occurs away from the public gaze within relatively closed policy communities, difficult for scholars or the general public to penetrate. A detailed study of how the conflict over TAFE was introduced and resolved helps a wider understanding of the policy process, especially in its Federal-State context.

The Early History of National Institutions in VET

The dramatic events of 1991-92 can be seen, from an historical perspective, as one more step in a lengthy process by which governments, as funders of technical and vocational education, sought to develop central institutions to control what often seemed a loosely coupled system of institutions with varying degrees of administrative autonomy. The urge to centralise was played out initially in the individual colonies pre-federation. During the twentieth century, the new Commonwealth Government took a variety of steps forward and backwards in its intervention in technical education and training.

While not always evident at the time, the overall impetus was towards a national system of technical education with national coordinating institutions. But much uncertainty and backtracking marked the march towards central control.

Foundations

For most of its history, Australia has been a nation short of industrial and technical skills. Colonial settlement occurred during one of the relatively infrequent intervals in which the British Government favoured a *laissez-faire* approach to the provision of industrial training (Green, 1995, 129), but skilled labour in the Australian colonies was from the outset scarce and its possessors, even convicts, were able to secure a premium for its application (Clark, 1962, 241).

The need to ensure the provision of skill training opportunities, either through publicly supported community effort or directly through government agency, soon emerged as a significant factor in public policy, and the necessary training institutions began to appear as early as the 1820s (Goozee, 1992, 15; NSW Department of TAFE, 1983).

It was the growth of a real industrial base in most of the Australian colonies in the 1870s, followed by the economic boom years of the 1880s, which acted as a spur both to the creation of what remain the nation's premier technical education institutions and to the development of a government apparatus for the funding and management of technical education (Ling, 1975, 55). At the same time, the burgeoning trade union movement made the expansion of technical education, and its removal from the influence of middle class dilettantes, one of its highest priorities (Ling, 1983, 242; Neill, 1991, 10).

By the 1890s, despite the onset of economic depression, communities in the Australian colonies had developed a taste for State intervention which has been described as 'State socialism' (Butlin, 1983, 82). Certainly the predominant colonial value system of Liberalism saw the need for public involvement in a wide range of community endeavours. Economic and political Liberals, epitomised by Alfred Deakin, were prepared to develop alliances with organised labour, represented chiefly by the Sydney and Melbourne Trades Hall Councils, in order to pursue a range of social goals (Kelly, 1992, 10). High on the agenda of such alliances was the question of technical education.

The efforts of these combined forces in the last two decades of the nineteenth century produced not only major metropolitan technical colleges in each colony, but also a move from State subsidisation of independent institutions to State control and management of colony wide systems of technical education. During the last decade of the nineteenth century and the first years of the twentieth, all States established departmental administrations, usually with a significant degree of central control, although in some systems independent institutions continued with government support.

The institutions and State coordinating structures which emerged around the turn of the century may have had an economic impetus, but the spirit of colonial Liberalism was such that general education and social improvement were also significant values. Following the tradition of the British Working Mens' Colleges, whose classes included classical and artistic as well as industrial subjects (Goozee, 1992, 17), Australian technical education institutions provided such scope for educational broadening that Murray Smith characterised them as "poor mens' grammar schools" (Murray Smith, 1966, 12).

A second aspect of the forces pushing for the development of colonial and State systems of technical education was the importance of nationalist sentiment. The supreme achievement of colonial Liberalism was the movement for federation of the Australian colonies. This movement grew at the same time as the demands for improved and centrally managed technical education were at their strongest.

It has been argued that the growth of technical education in nineteenth century Europe was integrally connected to the processes of State formation, as new unified European States emerged after the Napoleonic era, or old States reconstructed after war and political and economic revolution (Green, 1994, 10; Gildea, 1983, 223). Less dramatically, it is evident from the Australian campaigns in support of technical education, such as that conducted by David Syme as editor of The Age in nineteenth century Victoria, that national strength in a competitive world environment was a significant factor (Austin, 1972; Docherty, 1973).

More positively, as Murray Smith and Dore have argued, "the scent of a new nationhood" led bodies like the Australian Natives Association to espouse the leading role of technical education in nation building (Murray Smith and Dore, 1987, 66).

Thus, the first appearance of technical education at the forefront of policy debate in Australia occurred at a time when the twin community ideologies of Liberalism and Nationalism coincided with the two themes by which technical education has always presented itself to its community: its claim to a particularly strong contribution to national strength through national efficiency; and its claim to promote self-development by skilled workers, with a corresponding liberalisation of their capacities and outlook.

Technical educators at the turn of the nineteenth century were not forced to choose between their two goals, because both fitted important strands in the dominant policy

communities of the time. On the other hand, there is little doubt that stressing the instrumental value of technical education was then, as later, an easier path to community approval. Even so, the consensus among informed observers as the new century began would have been, as the Fink Royal Commission put it in 1899, that a "recognition of the objectives of genuine technical education" involved the "abandonment of the narrow view that the aim was merely the imparting of higher skill to workers" (Anchen, 1956, 45). It was not a consensus which continued throughout the succeeding century.

Neglect and Crises

The prominence accorded to technical education by the national sentiment of the late nineteenth century did not long survive the achievement of nationhood. Although the process of forming central education bureaucracies was not completed in the smaller States until around the time of World War I, after the turn of the century technical education largely passed from State, and certainly from national, policy agendas, until times of national crisis brought it once more to the foreground.

The federation which emerged on 1 January 1901 was held by all parties to be one in which the levels of government were clearly distinguished and expected to operate within their own functional as well as geographic boundaries. This view of the federation has been challenged by modern theorists who argue that the powers of the Constitution are inherently concurrent, rather than strictly coordinate (Wiltshire, 1992, 166; Galligan 1995, 199). The argument is examined in greater depth later in this chapter, but it seems clear that for at least the first five decades of federal history, all relevant political actors accepted that governments should not attempt to encroach on the powers and authority of another level of government.

One qualification to this view was always evident: the increasing financial power of the Commonwealth made a strict adherence to separate jurisdictions increasingly implausible. As early as 1902, Alfred Deakin, writing as an anonymous political correspondent in the London Morning Post (while simultaneously serving as Commonwealth Attorney General), pointed out that:

> The rights of self-government of the States have been fondly supposed to have been safeguarded by the Constitution. It left them legally free, but financially bound to the chariot wheels of the central government. Their need will be its opportunity. (quoted in Australian Financial Review, 19/8/97)

The first decades of federal government therefore saw intermittent pleas for Commonwealth financial assistance for certain State activities, including technical education. Such proposals were characterised by State officials, such as Victorian Director General of Education Frank Tate, as not being "from responsible administrators" and, in Tate's view, "objection would be taken by the States to any extension of federal activity" (Tate, 1932, 547).

The general consensus in policy communities that federal involvement in State responsibilities such as technical education should not be countenanced was reinforced by a view that government should not to be involved in much at all. As the heady days of State socialism receded, governments became notably less interventionist, either through ideological conviction or as a result of financial exigencies, especially in the 1930s.

At the same time, technical education was inclined to withdraw once again to a narrow vocationalism and there was an increasing tendency to restrict not only the scope of what was taught in technical colleges, but to limit even that narrow skills training to persons already employed in the relevant occupation. A consequence of technical

education's self-application to the needs of industry, according to Murray Smith, was that having done so, it dropped out of the public mind (Murray Smith, 1966, 24).

Attempts were made on occasion by policy entrepreneurs to re-awaken the public mind to the potential of technical education. Most notably, New South Wales Minister of Education David Drummond attempted both to reform technical training in his own State in the 1930s and to interest the Commonwealth in the future of the sector. Drummond was aware of the lack of general political support for federal intervention in State issues such as education. Instead, he developed a case based on the Commonwealth's interest in industrial development as a consequence of its employment of the tariff power (Spaull, 1987, 8-11).

Although Drummond failed to gain Commonwealth support for technical education when he formed the Australian Education Council in 1936, his approach based on the Commonwealth's role in industrial development was well chosen, in the sense that when the first steps were taken by post-war Commonwealth administrations, the focus was primarily on industrial training. This was an area of policy accepted by all parties as appropriate for the federal level of government. One consequence, though, was that this emphasis laid the foundations for the training and education 'two cultures', divide, which was to prove a significant factor in policy debates in the last decades of the twentieth century.

The exceptions to the Commonwealth's general refusal to participate in technical education policy and funding came during periods of crisis in two world wars and the Great Depression. During all three crises, technical education was called on to play a prominent role and, during the wartime and post-war reconstruction periods, significant creativity was evident in building national institutions in vocational education.

A shared feature of the First World War and Depression experiences was that the Commonwealth's intervention was justified by a philosophy of compensation. The federal retraining provisions during and after the war were directed first towards those disabled by the conflict, then to those whose apprenticeships were disrupted by their service, and finally to veterans generally. Despite the large scale of Commonwealth intervention, at the conclusion of rehabilitation measures in 1926 the compensatory approach meant that there was not seen to be a continuing case for federal assistance to vocational education and it was discontinued (Spaull, 1997,40-45).

Similarly, the Commonwealth's reluctant provision of support for vocational training in the later Depression years was based on an argument of exceptional circumstances, the Depression having disrupted normal access to vocational training.

Technical education was called upon to play an even larger role in the Second World War and the period of post-war reconstruction. There was reason to believe then that the policy climate had changed to one much more favourable to Commonwealth intervention in education, especially as a result of bipartisan support for such a policy direction in the Commonwealth Parliament's first general debate on education in 1945. This supportive climate was strengthened by passage of a constitutional alteration referendum in 1946, in which a federal power to provide benefits to students was added to Section 51 of the Constitution.

Although the Minister for Post War Reconstruction, John Dedman, claimed to favour a stronger role for the federal government in technical education after the war, the evidence suggests that his cabinet colleagues did not share enthusiasm for stepping into this area of State jurisdiction (Spaull, 1992, 59). Tannock's study of the Walker Committee, which developed the wartime government's proposals for a Commonwealth role in education in peacetime, made it clear that involvement in

technical education was not seriously considered, at least partly because not all State Ministers seemed likely to agree to federal participation (Tannock, 1971, 407-410).

The end of the war, with its experience of much extended government control of the economy and of civic life, seems to have resulted in a desire to return to normality - a normality which included respect by the Commonwealth for the boundaries thought to be placed around State jurisdictions by the Constitution (Fitzgerald, 1975, 7). Especially after the 1949 election, there was no policy consensus for a more interventionist style of government and, since the States had maintained their dominant role in technical education during the war years, there existed no policy community within the federal bureaucracy to promote a continuing Commonwealth role.

The First National Institutions

Despite the reluctance of the Commonwealth to become involved in State responsibilities like technical education, there was a gradual evolution of a policy environment which made a possible federal role less seem exceptional. In part, this resulted from a series of judicial precedents which widened perceptions about the feasibility of Commonwealth intervention, especially through the Constitution's Section 96 grants power.

The Engineers Case in 1920 removed previously restrictive interpretations of the Commonwealth's powers over State instrumentalities, while the High Court, in the Federal Roads Case of 1926, refused to place restrictive limitations on the conditions under which Section 96 grants could be made. In the 1936 Burgess Case, the Court ruled that the Commonwealth could legislate in pursuit of international conventions, even in State matters (Birch, 1977; Bowker, 1972).

A more permissive view of constitutional possibilities did not in itself mean a greater role for the Commonwealth in State jurisdictions. However, the increasing fiscal strength of the Commonwealth had the effect predicted by Deakin and, more positively, a growing sense of national unity led policy activists to think in terms of national institutions.

In education, the creation of national institutions was initially independent of the federal government. The Committee of Directors General of Education was formed in 1916, the Australian Vice Chancellors Committee in 1920, the Australian Teachers' Federation in 1921, the Australian Council for Educational Research in 1930 and the Headmasters Conference in 1931 (Bowker, 1972, 150).

Slowly the Commonwealth followed suit, establishing the Council for Scientific and Industrial Research in 1926 and the School of Tropical Medicine in 1928 (Bowker, 1972, 150-151). The Commonwealth entered the field of direct provision of education by opening its first school in Canberra in 1923 and an adults' trades school in 1928 (Moore, 1978, 6).

Moreover, the Commonwealth's war and post-war roles meant that many people were exposed to the beneficial effects of a large inflow of Commonwealth funds on previously neglected technical education institutions. In both world wars, the equipment and staff training of technical education systems were dramatically transformed by federal intervention and the popularity of reconstruction training programs for veterans served also to increase the desirability of technical training amongst the civilian population.

The Commonwealth was also able to demonstrate the benefits of national organisation. The post World War I Department of Rehabilitation became effectively

the first national Department of Vocational Education and an even more prominent role was played in the 1940s by the Department of Post War Reconstruction and Development. After the first war, NSW Superintendent of Technical Education, James Nangle, was appointed Director of Ex-Service Training, the first federal office created to deal with vocational education issues.

During the Second World War, C. P Eltham, the Victorian Superintendent of Technical Education, was appointed Director of Industrial Training, a position in the federal Department of the War Organisation of Industry, carried over in post-war years to the Department of Labour and National Service. Each State Director or Superintendent of Technical Education was appointed simultaneously to a federal office as Deputy Director of Training. Meetings of these officials became the foundation of the later Australian Conference of TAFE Directors, with the consequence that even the first national body composed solely of State technical education officials actually resulted from a Commonwealth Government initiative.

However, it was the Commonwealth's role in fostering industrial development, and its concurrent powers in the industrial arbitration jurisdiction, which led to the creation of the Australian Apprenticeship Advisory Committee (AAAC) in 1956. This brought together both training regulators - the heads of Apprenticeship Commissions in each State - and technical educators. It also spurred the Directors of Technical Education to resume their regular meetings. The AAAC must be characterised as the first continuing national institution for the coordination of vocational education, containing representation from the Commonwealth Department of Labour as well as officials from every State.

The AAAC and the early Technical Education Directors' meetings both reflected the policy climate of the time, both in the way only the most minimal role for the Commonwealth was envisaged by any party, and in the way technical education was construed as narrow skills training for industry, mostly within the apprenticeship framework. A somewhat later creation, the National Training Council, continued the view that national interest in technical education was confined to improving industrial productivity, helping to lay the ground for the eventual division which emerged between educators and trainers.

During the 1960s, the primary policy issue in Australian education was that of State aid for private schools, and, within that, the question of federal aid for all schools. As argued in this study, Commonwealth Government involvement in funding technical education came about as a consequence, even an unplanned consequence, of federal aid for schools. Technical education was fortunate that the general policy climate, influenced by technological competitiveness stimulated by events like the Sputnik launch, favoured increased effort in scientific and technical education.

The breakthrough in the State aid to schools debate came about through a conjunction of State and federal aid pressures with science specific pressures (Smart, 1977, 177). Money first flowed to technical education as part of a States Grants (Science Laboratories and Technical Training) Act in 1964, although specific States Grants (Technical Training) Acts followed.

The Golden Age

By the 1970s a self-confident Australian community was once again prepared to envisage a far more active role for governments, not least in education. Australians were once again prepared to place a premium on individual freedom, self-realisation and faith in State power (Kelly, 1992, 21). It was a spirit tapped by Gough Whitlam as

Opposition Leader. Whitlam promised to use the Constitution's Section 96 grants machinery as a 'charter of public enterprise' (Button, 1982, 85).

Technical education was not highlighted in the Labor Party's platform, but a small policy community comprising State officials, the technical teachers' union, and some elements of the Commonwealth bureaucracy, was prepared to advocate the needs of the sector. Moreover, reforms to higher education in the 1960s had left an increasingly obvious gap in Commonwealth support for post-school education.

The incoming Whitlam Government developed a standard institutional framework in education: establishment of an expert committee to determine need, followed by an arms' length statutory commission to recommend and administer States grants.

Technical education, now referred to as Technical and Further Education (TAFE), followed this pattern, although at a distance after the Schools, Advanced Education and Universities Commissions. A significant committee of inquiry, the Australian Committee on Technical and Further Education, known after its founding Chair as the Kangan Committee, encouraged TAFE educators to follow their newly rekindled interest in a broad conception of the educational role of the sector, based on the liberal principles of Lifelong Learning (Fleming, 1995, 49).

During the Golden Age of TAFE, which occupied a 15 year period covering the Whitlam, Fraser and first two Hawke administrations, the institutions of the Kangan era, the TAFE Commission and subsequently the TAFE Council (TAFEC) within the Commonwealth Tertiary Education Commission (CTEC), developed a genuinely national system of vocational education. Although CTEC was formally an adviser to the Commonwealth Government, its membership and consultative processes embraced substantial State participation, as well as involvement by industry and union representatives.

As well, the practice of requiring States to prepare and debate formal submissions, particularly the Triennial Planning Submission, introduced standard planning procedures throughout the system. CTEC and TAFEC established a statistical data base for TAFE and encouraged the States to develop a standardised nomenclature for courses and awards. CTEC encouraged the States to embark on a process of cooperative national curriculum development, which eventually culminated in a national curriculum body (now absorbed within the Australian National Training Authority).

After the report of the Commonwealth Inquiry into Education and Training, the States and the Commonwealth developed a new style of national cooperation by establishing the National TAFE Centre for Research and Development as a jointly owned corporation limited by guarantee. The use of the corporate form for a joint government venture was a substantial innovation in Federal-State relations in education, and has subsequently served as a model for a number of ventures, including the Curriculum Corporation and the National Training Board.

The institutions created in the Golden Age of TAFE were, by objective measures, extremely successful. In the 15 years from 1973 to 1988 numbers enrolled in TAFE programs increased from an annual figure of 430 000 to 952 000 (Robinson, 1990, 31). TAFE colleges expanded and were renewed in their physical fabric, equipment and staff qualifications and training. The Kangan liberal education philosophy was widely accepted throughout successive changes of government and the social justice dimension of TAFE was if anything expanded during the Fraser conservative administration (Goozee, 1995, 46).

The cloud on an otherwise clear horizon was a growing community and governmental concern with what an apparently intractable problem of youth unemployment. Governments were convinced that at least part of the answer lay in reforming the education system in the direction of greater vocational content, despite being reminded by official inquiries that education could not replace successful macroeconomic management (eg Milligan, 1976, 116; CIET, 1979, 584).

A review of Australian youth policy by the Organisation for Economic Cooperation and Development in 1976 had begun to turn governmental attention towards the issue of the adequacy of the nation's vocational preparation arrangements. Initially, this involved the addition of targeted programs for youth considered to be at some disadvantage in the transition process, rather than any wholesale reconceptualisation of the vocational education system. A series of public inquiries during both the Fraser and early Hawke years indicated growing government disquiet and the growth of a gradual consensus on the need for more structured training in TAFE - training which combined institutional education and work experience (CIET, 1979; QERC, 1985; Kirby, 1985).

At the same time the policy community interested in TAFE issues, led by Peter Karmel, Chair of CTEC and Keith Coughlan, Chair of TAFEC, began a process of refocussing TAFE on vocational purpose, without abandoning its commitments to personal development and social equity objectives. The centrepiece of their efforts was a CTEC discussion paper *Learning and Earning*, (CTEC, 1982 1). Arguably, the paper was a warning note to TAFE educators as much as a statement of TAFE's capacities to the wider community.

TAFE supporters attempted to reposition TAFE as strongly vocational without abandoning its wider objectives (CTEC, 1982 2), but as Connell has argued, this period saw a decisive change in educational values and in the orientation of public thinking on education. The concept of education for the humane society subsided in the 1980s under the pressure of economic circumstances (Connell, 1993, 333).

The New Paradigm

In 1986, Australia experienced one of its most severe post war economic crises. The crisis served as a fulcrum for fundamental change in attitudes to the nature of government, not only in education but in all its aspects. The 'banana republic' foreign exchange episode of that year led the government to embark on a process of economic reform characterised by a surge of deregulation and an increasing confidence in the ability of competition and market forces to free up what appeared to be a sluggish economy and society.

Moreover, the Commonwealth Government soon showed itself intent on applying similar reform to the machinery of government itself. The driving force behind these changes was a set of policy orientations known by a variety of titles, but especially as 'corporate managerialism' (Marshall, 1991 1, 2; Lingard, Knight and Porter, 1993; Zifcak, 1994). Managerialism had been developing as a philosophy of administration for some time, in New Zealand and the Australian States (Codd, 1993, 155-60; Kell, 1993, 217) before impacting on the Australian federal government.

A key feature of the new managerialist program was a reform of Federal-State financial relations and the institutions through which they were managed. TAFE found itself once more at the cutting edge of policy development and in the realm of high politics. How these policy processes were played out is the subject matter of this study. An essential preliminary to the research is the establishment of an analytic

framework drawn from the discipline of policy studies. This task is attempted in the following sections.

A Framework for Policy Analysis

The New Institutionalism

The final resolution of the conflict was the creation of a new institution, the Australian National Training Authority (ANTA). The development of ANTA cemented the compromises that had made resolution possible. New institutions are a common feature of significant change in the Federal-State compact in Australia and ANTA represented only a final step in a period of unusual institutional creativity in vocational education and training since 1987. Institutions are a vital element of this study therefore, but in themselves act more to signal policy development rather than to lead it.

The study of institutions was long the primary endeavour of political scientists, political historians and many researchers in educational administration. Emphasis on institutions and the consequences of formal rules, such as contracts and constitutions, was eventually overtaken by interest in social processes and contexts. In recent years scholarly interest in institutions has been rekindled, initially in economics and subsequently in political science and sociology (March and Olsen, 1984, 738).

The new institutionalist theorists are cautious of attributing too great a sense of personality to institutions, but point out the very considerable range of coherence and autonomy that can be detected in institutional behaviour. Without denying the importance of both the social context of politics and the motives of individual actors, the new institutionalism insists on a more autonomous role for political institutions (March and Olsen, 1984, 738).

Advocates of the new institutionalism in sociology, such as DiMaggio and Powell, are keen to emphasise the openness of institutions, in this new perspective, to their surrounding environments. Indeed, the environment is more than just a surround. Environments

> penetrate the organization, creating the lenses through which actors view the world and the very categories of structure, action and thought. (DiMaggio and Powell, 1991, 13)

The new institutionalism came somewhat late to the study of educational administration, but has been influential because of a persistent concern about the inability of successive waves of educational reform to have a significant effect on behaviour and outcomes. The problem seems less one of community legitimacy than of failure to change at institutional level (Crowson and Boyd, 1996, 205-206).

New institutionalism has had many critics, such as American sociologist Ryan, who has argued that institutionalism may understate the post-modernist tendency for de-differentiation and the consequential interdependence between institutions and between institutions and other forms of life. Even so, he agreed that

> There is little doubt that institutions are *the* dominant contemporary social reform. (Ryan, 1996, 200)

In this study, institutions are a primary focus. The emphasis, however, is on the actors and processes which create them. Their primary importance is their role as markers of policy. They represent the stately body of the swan above the water: much of the analysis is concerned with the more vigorous activity below.

The Policy Process

The Policy Flow

The analytic framework developed for this study is one of a class of models which view policy making as a process and concentrate on identifying and analysing elements of the policy process. These models suggest that the policy process can be broken up, at least for purposes of analysis, into distinct and identifiable stages.

As a variation, some theorists have suggested that much the same ingredients identified in staged models are better thought of as existing in a more fluid environment described, in one early contribution, as a 'policy flow' (Simmons et al, 1974) and later as a 'policy soup' (Kingdon, 1984). A model exhibiting these fluid characteristics has been developed for application to Australian education policy by Guthrie and Koppich (Guthrie and Koppich, 1993) and has been adopted with modifications and extensions as the analytic framework of this study.

Policy Flow Analysis

An early statement of a policy flow perspective, making use of many insights also adopted by policy stages models, was presented by the American and Australian scholars Simmons, Davis, Chapman and Sager in 1974 (Simmons et al, 1974).

Their model, described as *A Conceptual Model for Comparative Public Policy Research*, was one of the earliest contributions suggesting that the policy process be viewed as a series of interrelated elements.

To this end, the model identifies actors, groups and agencies and suggests the critical interactive processes that blend power and value in determining policy choices (Simmons et al, 1974, 457).

The key to the model is the belief that public policy embodies value choices which translate through interaction of policy actors or groups into activities. Its key feature is the concept of policy flow.

Policy flow encompasses the total milieu of policy formation in which the haphazard impact and coalescence of numerous factors, participants, and interactions result in the dynamic ebb and flow of policy issues (Simmons et al, 1974, 460).

Issue Emergence

The mechanism by which issues emerge in public debate was the focus of international relations theorists Cobb and Elder (Cobb and Elder, 1972). Cobb and Elder described four means by which policy issues come alive and emerge onto political agendas, involving four categories of system participants:

- manufacture by disadvantaged parties (readjustors),
- creation of an issue by a group for its own gain (exploiters),.
- Initiation through an unexpected event (circumstantial reactors).
- generation by persons without self-interest (do gooders).

In the Cobb and Elder formulation, once an issue has begun to emerge, it is shaped by a trigger device, for example, natural disasters, unexpected human events, changes in resources. Cobb and Elder do not consider trigger devices contrived by the actors themselves to give a preferred shape to the issues emerging: this seems a necessary addition to any use of the Cobb and Elder model for the events examined in this study.

As Harman pointed out,

> The actual formation of an issue is dependent on the dynamic interplay between the initiator and the trigger device. A trigger device does not necessarily result in an issue; instead there must be a link between such a device and an initiator who converts the problem into an issue for a private or a public reason (Harman, 1980, 139).

Agendas, Alternatives and Public Policies: John Kingdon, 1984

An important theoretical contribution which bridges stages and flow models was offered by Kingdon (1984).

Kingdon dealt with the idea of stages in the policy process simply by including them in his definition of policy:

> Though a drastic oversimplification, public policy making can be considered to be a set of processes, including at least (1) the setting of the agenda (2) the specification of alternatives from which a choice is to be made (3) an authoritative choice among those specified alternatives, as in a legislative vote or a presidential decision and (4) the implementation of the decision. (Kingdon, 1984, 3)

Kingdon's analysis is derived from empirical studies of decision making in the nited States Federal Government and takes the metaphor of fluidity in policy making to an extreme by beginning with the concept of a policy primeval soup, in which ideas float and in Darwinian fashion struggle for survival.

The ingredients which make up this soup are ideas in the minds of specialists and the soup exists as interactions between members of a policy community. A policy community consists of specialists in a policy area: some may work for various branches of government, some may be academics, some may be politicians, some may be analysts for interest groups.

What is needed for a definite policy proposal to emerge from the soup is for a member of the policy community to act as a policy entrepreneur, to promote the idea within the community and to soften up relevant publics outside the policy community. Seldom are there wholly new ideas, but mutations and combinations of earlier suggestions.

For an idea to have the strength to survive in the competition of ideas, it must have not merely technical feasibility, but also value acceptability. At any time, policy communities tend to experience a relatively narrow set of acceptable values and an effective policy proposal needs to be consonant with such ideological parameters.

For an idea to move beyond mere presence on the agenda of acceptable solutions towards actual implementation depends on the opening of a policy window. Policy windows are opportunities for action on initiatives. Windows open only occasionally and usually for a short time, because of changes in the political stream (such as a change of government) or because a new problem captures the attention of policy makers.

Policy solutions float constantly in the policy stream; to pass through the policy window they need to be strengthened by coupling. A solution needs to be coupled with an emerging problem and with support in the political stream, as happens, for example, when a politician seeks to be identified with a policy initiative. Coupling is the opportunity required by policy entrepreneurs to make use of an open policy window.

Restructuring Schools, 1993

A study of school restructuring in six countires, coordinated by Beare in Australia and Boyd in the United States (Beare and Boyd, 1993), made use of a theoretical model of policy making developed by Koppich and Guthrie of the University of California, Berkeley, which had been presented in a less fully developed form in the Politics of Education Yearbook for 1987 (Boyd and Kerchner, 1988). More recently, the model has been employed in a study of reform of schooling in the Australian State of Victoria (Caldwell and Haywood, 1998, 81-84).

In the 1993 study, Guthrie and Koppich attempted to answer the questions

> how and why education issues periodically gain prominence on the political agenda and enter the realms of 'high politics'. (Guthrie and Koppich, 1993, 12)

Guthrie and Koppich drew extensively on the work of Kingdon and developed a theoretical model summarised as 'A.I.M' - alignment, initiative and mobilisation.

The first dimension of the AIM model is **alignment**. This involves a number of considerations.

First, there is a culture's deep seated public policy preferences: values like efficiency, equality, liberty. A window of opportunity for reform comes when the value stream with which the reform proposal is closely aligned is in the ascendant, or when a society is in a state of uncertainty over its value preferences.

Secondly, it is necessary to define a problem as political: a social problem needs to attract issue attention before it becomes political.

Thirdly, alternative policies must be available: interest groups and scholars have a menu of solutions, and wait for a relevant issue to arise within the policy-stream.

Finally, there must be predisposing politics: political conditions need to be favourable, for example, through shifts in public opinion, a change of government, a realignment of party policy or changes in the bureaucratic administration.

The coincidence of public preferences, a politically defined problem, policy alternatives, and a predisposed policy environment creates what Kingdon labels a 'window of opportunity' (Guthrie and Koppich, 1993, 23)

The second dimension of the model is **initiative**.

The model's element of initiative refers to those fundamental shifts which give rise to the conditions which make a change of alignment possible and create the window of policy opportunity. The model suggests that demography and economics are the most likely sources of initiative to upset the status quo.

Eventually, if the unsettling or threatening conditions persist or are seen as sufficiently dangerous, alterations in public moods create a disposition toward policy action. The principal contemporary sources of such value uncertainty or popular distress are economic, including technological lag and demographic dynamics (Guthrie and Koppich, 1993, 24).

The third element of the model is **mobilisation**.

The existence of a window of policy opportunity is of little moment unless a political actor makes use of it:

> Some individual or group of individuals must mobilize existing resources to take advantage of the window of opportunity.... It is difficult to know when alignment will take place. When it does, however, some individual, or group, has to be in a

> position to take advantage of it. In short, reform begs for 'policy entrepreneurs'. (Guthrie and Koppich, 1993, 24)

The extent to which Guthrie and Koppich's formulation is a worthwhile development on Kingdon's model lies largely in the greater emphasis given to the role of values. Kingdon argued that an essential but not sufficient condition for the emergence of an initiative from the policy soup is that it is consonant with a policy community's value system. Guthrie and Koppich have taken this concept further in pointing out that alignment and the emergence of a policy window is most likely to occur either when a proposal accords with a dominant value system or at a time of value instability.

Rhetoric and Decision Making

A deficiency in many models of the policy process is that they are stronger at delineating the way issues emerge on the policy agenda and approach the point of authoritative determination than they are in describing the ingredients of that decision making.

This is especially so for the interplay which occurs when an issue is taken by a participant from the relatively closed world of a policy community to the wider stage of the media and general community. An important element in answering the question of why education policy issues emerge occasionally into the realm of high politics is to look at the inducements which make policy entrepreneurs (and reactors) believe something is gained by shifting from a discourse of analysis to one of rhetoric and public contention.

Edelman, in studying federalism in the United States, commented that symbolic actions are as legitimate a function of the political system as substantive actions (Sroufe, 1994, 87; Edelman, 1971). In any case, substantive actions in a federation are likely to be accompanied by symbolism. Readily available sets of symbols, like States rights, are always inherent in policy processes in a federation. This is what Painter had in mind in declaring Australian federal politics to be 'politics with extra vitamins' (Painter, 1988, 59).

> Even when the states' rights issue is not central, a local leader can campaign on issues that arise out of latent or overt grievances aroused by the policies and programs of the central government. (Painter, 1988, 59)

Radin and Hawley also note the central role of symbolic rhetoric in their study of the establishment of the United States Department of Education. They cite March and Olsen's proposition that

> the history of administrative reorganisation in the twentieth century is a history of rhetoric. (March and Olsen, 1983, 282; Radin and Hawley, 1988, 32)

The crucial role of rhetoric in decision making was pointed out in the pioneering work of Bachrach and Baratz (1963). They argued that students of decision making

> have overlooked the equally, if not more important, area of 'non-decision-making', ie, the practice of limiting the scope of actual decision-making to 'safe' issues by manipulating the dominant community values, myths, and political institutions and procedures (Bachrach and Baratz, 1963, 632).

Non-decision-making is related to the 'mobilisation of bias' which, they argued, will be the response by the dominant decision-making organs when previously submerged issues are pushed forward onto the political agenda. Rhetoric is the instrument political actors use for the mobilisation of bias, either for keeping an issue off the political agenda, or for forcing it on (Bachrach and Baratz, 1963, 642).

Conflict and Rhetoric in French Policy Making

This conceptualisations of the role of political and policy rhetoric were developed and systematised in the work of Baumgartner in his studies of educational policy making in France (Baumgartner, 1989). Baumgartner's work, which has made considerable use of Kingdon's theoretical insights, begins by asking the question:

> why do some issues become important societal debates, dominate the national media, and monopolize the attention of the nation's political leaders, whereas other issues are decided by small groups of experts? (Baumgartner, 1989, 3)

Baumgartner's answer was based on an analysis of the rhetoric used by policy actors to gain control over an issue and to determine the degree of conflict and the extent of participation in decision-making. Conflict underlies the process, because with consensual issues there is no incentive for members of a policy community to invite broader participation. However, where there is disagreement, there are winners and losers within the community. The losers have an interest in changing the roster of participants by appealing to outside allies.

Policy makers attempt to manipulate the policy process by redefining the issues. Those with an interest in contracting the debate use arcane and technical language in an attempt to define the issue restrictively as a technical question to be handled by specialist participants. Those with an interest in expanding the debate use symbols to portray the issue as broad and political, so many can participate.

Policies must be explained in symbols of some sort, and policy makers fight over the attachment of some symbols to their policies because they know that different symbols will attract different participants (Baumgartner, 1989, 11).

Kingdon argued that policy entrepreneurs link problems and solutions by redefining one of them so that other people are convinced they are related (Kingdon, 1984, 191). Baumgartner pointed out that the redefinition of an issue can be used to generate opposition as well as support. In short,

> depending on the balance of power in different policy communities, [policy entrepreneurs] attempt to force the issue onto the general agenda, to restrict it to a small community of experts, or to shift it from one group of experts to another. (Baumgartner, 1989, 18)

Baumgartner's analysis of the use of rhetoric is essential to analysing the question of how policy issues become arenas for conflict, drawing in sufficient additional participants to move from technical debates within a policy community so that they become, at least for a time, part of a society's high politics.

A Preferred Model of the Policy Process

In the choice of an analytic framework for this study from the diverse array on offer two criteria have been used:

- the nature of the present study, especially its focus on institution building ; and
- the requirements of a theoretical base grounded in the literature of federalism.

An analytic framework has been developed which incorporates the major elements of policy stages and policy flow models. The distinction between stages and flows is essentially one of emphasis and the metaphor of the policy flow is preferred in order to emphasise the contingent and non-final nature of policy solutions. Even where policy outcomes are made tangible in the form of institutions and legislation, their implementation and longer term operation continually invite a revisiting of the solution adopted and the appearance (or reappearance) of alternative solutions.

A second reason for preferring a flow rather than stages approach is that writers in this stream place a great emphasis on values and on value shifts as the mechanism through which windows of opportunity for policy innovation are opened and exploited. This is of crucial significance to the present research, where an enduring oscillation between the utilitarian and liberal value systems of vocational education coincided at crucial times with value shifts in the wider field of public policy.

The basic core of the preferred model is taken from Guthrie and Koppich's A.I.M' model applied in the Beare and Boyd international comparative study of educational reforms (Beare and Boyd, 1993). However, the model used in this study is eclectic and adopts insights from earlier stage models, as well as from Kingdon's analysis (Kingdon, 1984), from which Guthrie and Koppich draw heavily, and from Baumgartner's analysis of rhetoric in policy making (Baumgartner, 1989), which also utilises Kingdon's work.

The model makes explicit two additional elements which are implied or dealt with indirectly in the 'A.I.M' model, producing five strands, which are often but not necessarily sequential.

- alignment
- initiative
- mobilisation
- determination
- re-emergence

Alignment refers to the basic policy environment, involving

- the embedding political culture of the wider society, with its basic policy preferences, such as liberty, individual choice, justice and similar underlying value systems;
- a collection of policy communities, composed of ministers and officials at federal and state levels, but with other participants such as union and employer peak bodies, journalists, academics and commentators; a relevant policy community will be the source of policy innovations, taken from its policy soup;
- the existence of pre-disposing politics, such as the pursuit of reform by a new government.

Initiative refers to the factors leading to the opening of a policy window. (As argued by Kingdon, these opportunities emerge most sharply at a time of significant shift).

- in this model, it is suggested that for issues to emerge and for 'policy coalescence' (Simmons et al, 1974) to occur, there need to be trigger devices, such as those proposed by Cobb and Elder (Cobb and Elder, 1972; Harman, 1983).

Mobilisation begins the process of policy determination:

- at this stage the role of Kingdon's policy entrepreneur becomes crucial. The policy entrepreneur may well be defined by one of Cobb and Elder's four categories (readjustors, exploiters, circumstantial reactors, do gooders) but his or her prime function is that of coupling - uniting the policy solution which has emerged to the predisposing politics through attachment of its values to those becoming dominant at a time of value shift;
- the policy trail described by Simmons and his collaborators can be followed by examining the mobilisation of rhetoric which has been employed by policy

participants to define an issue in ways which are favourable to their preferred solution and which elicit support from outside the policy community (or which are designed to avoid spillover to a wider constituency).

Determination refers to the arrival of the policy process at an authoritative end point. In the instances studied in this research, this is usually the creation of a national institution through a Cabinet decision and legislation.

Re-emergence takes the place of implementation or feedback in stage models and differs from them because in the concept of a policy flow or policy soup, solutions rarely disappear beyond the possibility of recovery. They remain available to policy entrepreneurs when a period of value shift allows their reappearance.

Conclusion

The initiative undertaken by the Australian Federal Government in 1991 to take control of a major area of State responsibility, technical and vocational education, in one sense represented the end point of a long term trend towards increased centralisation and a growth of national orientation within the sector. From another perspective, it.represented a watershed both in the development of national education policy and in conduct of Federal-State relations. By providing an insight into the policy process and into the workings of Australian federalism at a key point in the evolution of the federation, the contest which emerged between the Commonwealth and the States on this issue is uniquely interesting to policy analysts and to students of federalism.

This study seeks to draw out at a level of detail the ingredients of the policy processes involved and the consequences for federalism. Before doing so, however, it is necessary to review the issues dominating the contemporary debate among scholars of Australian federalism.

2

Federalism in Australia

Introduction

The subject of this study is the creation of national institutions in the field of vocational education and training. These institutions constitute successive experiments not only in a specialist area of educational administration, but in the process of building national institutions within a federation.

The study argues that, throughout the twentieth century, the structures developed in the search for national cooperation and coordination in vocational education and training have reflected the changing character of the Australian federation. For example, the establishment of the first national institution in technical education, the Australian Apprenticeship Advisory Committee in 1954, represented a minimalist federal initiative in keeping with the Commonwealth's pronounced reluctance at this time to become involved in the States' responsibility for education.

At a broader level, it reflected the view that Australian federalism was inherently coordinate, that is, that federal government was constructed in separate layers which could and should be kept apart. This perception dominated the rhetoric, if not always the reality, of intergovernmental relations in Australia from the founding fathers until relatively recent times (Wiltshire, 1992, 166).

Similarly, the dramatic break with the past introduced by the Whitlam Government in matters of political style, policy substance and institutional innovation in many areas of public life affected both Australian federalism and Australian vocational education. The establishment of the Kangan Committee, and of the TAFE Commission (and later Council) developed in its wake, could serve as exemplars for the "New Federalism" of the Whitlam era, in which "a greater Commonwealth role in human service and quality of life issues was a critique of the inadequacy of the states" (Parkin and Marshall, 1994, 27).

During the late 1980s and early 1990s, changes as significant as those of the Whitlam period took place in the way the Australian federation operated and the way it was viewed by theorists and practitioners. While the "New Federalism" of the Hawke Government was to prove as short lived as its predecessor "New Federalisms" under

the Whitlam and Fraser administrations, the reform impulse which gave it birth proved more sustained.

The imperatives of microeconomic reform became entrenched as a consensus among opinion leaders on both sides of politics and at Federal and State levels of government. During a period of active reform in 1990-1992, gains in intergovernmental cooperation previously beyond realistic contemplation became reality (Sturgess, 1993, 8; Fletcher and Walsh, 1992, 592).

Accompanying and to a degree anticipating these changes was a significant reconceptualisation in the way theorists analysed the processes of federalism in Australia. There was a considerable diminution of critiques which saw federal structures as inefficient, unnecessary, outdated, or otherwise undesirable. Equally, there was a shift from views of federalism as coordinate or even cooperative towards the notion of federalism as concurrent. Adopting an American federalist metaphor, the model changed from the layer-cake to that of the marble-cake (Wiltshire, 1992, 175).

The establishment of the Australian National Training Authority (ANTA) in 1992 was an integral component of the new climate of reformist federalism. Moreover, ANTA's creation represented institutional innovation without precedent or close parallel. Unlike other achievements of the period, ANTA did not arise from an attempt to place responsibility more clearly with one level of government or the other, in the manner of coordinate federalism. Nor was it simply an attempt, in the style of cooperative views of federalism, to make conflicting systems work more smoothly.

Along with a small number of the other institutional developments of the period (notably the environment protection agreement), ANTA was specifically designed as a model of concurrent federalism, acknowledging the substantial rights and responsibilities of both Commonwealth and States in vocational education, and providing for joint action in policy, planning and funding.

The process of building the national institutions of the Australian vocational education system has always been inextricably linked to the way in which the Australian federation operates. During the 1990s the technical and vocational education sector found itself at the forefront of developments in the federal system, to the extent that VET institutional innovation became important not only in the practice of intergovernmental relations but also to theoretical perspectives about the nature and operation of Australian federalism.

The Theoretical Literature

Political Science, Policy Studies and Educational Administration

As a policy history, this study has adopted a perspective grounded in the theoretical literature of political science and policy studies, and specifically the field of federalist theory and the study of intergovernmental relations.

While a theoretical base derived from political science is not yet a common practice in the study of educational administration, it is no longer so novel an approach that it requires special defence. Even so, it is only 20 years since Harman and Selby Smith, in presenting a pioneering set of Australian readings in the politics of education, felt compelled to provide a degree of justification for their volume:

> Although the politics of education is a very new field of study, scholarly concern with the relationships between education and politics is by no means a new pursuit. Indeed, for well over 2000 years philosophers and students of education and politics

> have discussed and argued about how education relates to political life. (Harman and Selby Smith, 1976, 1)

Boyd, in surveying the gradual introduction of political science perspectives into education administration from the time of Weber's study of bureaucracy noted

> in the field of education...the concept of technical, non-partisan competence was particularly attractive and persistent. Indeed, many people still agree that politics has no legitimate place in the sensitive function of educating children. (Boyd, 1983, 11)

However, he argued

> since technical expertise cannot eliminate scarcity, nor ensure policies that favour all interests, there is no way to separate public administration from politics. (Boyd, 1983, 11)

In an early study of the effect of politics on the school curriculum in the United States, Kirst and Walker commented that when professional educators wrote about the curriculum, they rarely conceived of their subject in political terms.

> National, state and local political figures, as well as parents, taxpayers, and other interested parties and the organizations that represent their interests were treated as "influences" on curriculum "decision making". These terms and the ideas that accompany them embody an image of curriculum determination that plays down -if it does not altogether ignore- the conflict and accommodation characteristic of policy making in all but the most monolithic institutions. (Kirst and Walker, 1971, 481)

Kirst and Walker's study also pointed out that 'disjointed incrementalism' is not sufficient to account for all instances of curriculum policy formation. They concluded that

> it is probably desirable to think of two separate policy-making processes - normal policy-making and crisis policy making. (Kirst and Walker, 1971, 498)

Kirst and Walker remarked that the pace of crisis-based reform had notably quickened. Boyd has developed an argument that reform has in fact become a professionalised process (Boyd, 1979, 12-18). It certainly seems clear that breaks in the 'normal' process of cumulative policy development, such as those represented by the creation of new institutional forms, occur with sufficient frequency to require study as a phenomenon in their own right.

This study is concerned with such breaks of continuity: with singularities in the normal regime of educational administration, points at which sometimes superficially strong institutions fail and are replaced by others of a significantly different nature, embodying different values and serving different interests. A particular focus of the study is the period between 1987 and 1992, which saw the abolition of the Commonwealth Tertiary Education Commission (CTEC) and its Technical and Further Education Council (TAFE Council) and their replacement, after some institutional experimentation, with the Australian National Training Authority (ANTA).

The analytic framework outlined in the previous chapter highlights the importance of circumstances which give rise to a shift of vocational education issues to the arena of high politics. This is an equally important issue in the field of federalist theory. Painter has argued that policy communities are vulnerable to strains arising from intergovernmental relations in a dual polity, strains which may overturn a normal pattern of cooperation and incremental change.

> Going further, we can suggest that incrementalism may not always be the pattern of policy development in sectors of policy where state-commonwealth and interstate

> interdependencies are high. Change is more likely to be cyclical than incremental, as state and commonwealth responses swing from one extreme of unilateralism to another. (Painter, 1988, 62)

This view of cyclical change in federal relations is consistent with the argument advanced in this study that changes in underlying values lead to episodes of major change and institutional destruction and creation. In particular, the adoption of corporate managerialism by dominant political communities in the 1980s and 1990s caused a major re-evaluation of the institutions of intergovernmental cooperation in vocational education, as in many other areas of government. (Marshall, 1991, 224; Fletcher and Walsh, 1992, 607)

Australian Federalist Theory

Federalist theory, since its introduction as a modern discipline by Lord Bryce in 1901, has explored the conflict between centripetal and centrifugal forces at the core of the functioning of federal systems. Much of the literature in Australian Federal-State relations echoes this traditional concern, especially as the growth of central power has become marked, if not inexorable. Increased Commonwealth dominance is not, however, the whole story as the compromise represented by the ANTA Agreement demonstrates, and the pace of the shifting balance between the federal partners varies over time.

As the reality of the federal system changes over time, so too do analysts' perspectives:

> federations move, they change, and this movement is equally reflected in the views of those who operate and study them. (King, 1982, 14)

Thus, although Australian students of federalism are concerned with the centrifugal effect of growing Commonwealth dominance, especially in so far as fiscal imbalance is probably more acute in Australia than in any modern, democratic federation (Wiltshire, 1992,167), theoretical concern has turned more to the related question of the nature of the federation's operation as the practicalities, and to many writers, desirability, of a dual polity are explored.

Normative Theory

Federalist theory has always possessed a normative as well as an empirical strain.

> An acceptable distinction may be made between normative and empirical theory, then in as far as the emphasis of the one is on the rightness of action and the other upon validity of fact. It none the less remains true that each of these two categories of judgement presupposes the other. (King, 1982, 10)

Normative theory is concerned with the role of federal structures in limiting government by dividing state authority and, in this view, promoting democracy and liberty of the subject. This is the classic argument of Montesquieu, quoted approvingly by the framers of the American constitution in *The Federalist Papers.*

> As this (federal) government is composed of small republics, it enjoys the internal happiness of each; and with respect to its external situation, it is possessed, by means of association, of all the advantages of great monarchies. (Rossiter, 1961, 75)

The normative dimension of theory has not had a pronounced presence in Australian writing, but it has tended to emerge in some recent contributions. Galligan and Uhr, for example, defend federalism as

> a structure that promotes liberal or pluralist democracy and frustrates and restrains majoritarian, reformist democracy. (Galligan and Uhr, 1990, 61)

Galligan has extended this defence of Australian federalism in more recent work, arguing that the justification for democracy at any level has to be in terms of process and that this process in Australia is aided by the federal structure.

> In dispersing political power and multiplying spheres of government, federalism fragments a single majoritarian will of the people, but, at the same time, creates dual spheres and multiple centres of government with their concomitant citizen majorities. Since federalism both increases democratic participation in politics and allows public goods to be more finely tailored to public preferences, it can be said to enhance democracy. (Galligan, 1995, 53)

In an argument supporting Galligan's analysis, Fletcher has drawn on Grodzin's portrayal of American federalism by pointing to the importance of the melding of government responsibilities in promoting fairness in policy outcomes. On this basis, the complexity of federalism may well be a better guarantor of liberal values than the simplicity of majoritarian democracy. In any case, analysis should not be inhibited by majoritarian preference.

> If research into the complex organisation of Australian federalism is overlooked, the significance of liberalism signalled by Australian federal values also risks being overlooked. (Fletcher, 1991, 92)

Gerritsen has adopted a similar view in defending Australian federal structures against the charge that they create inefficiency. He has drawn on a number of studies which demonstrate citizens' skills in utilising jurisdictional competitiveness when they seek access to government services. He concludes:

> The federal system contains a political benefit, maximisation of access to policy outcomes. (Gerritsen, 1990, 237)

Gerritsen presents a case for research focusing on the whether the utilitarian consumption of government services by citizen consumers encourages a reactive administrative competition for clients between the different levels of government. One example from vocational education which seems to support such an approach occurred during the Commonwealth-State disputes over control of TAFE in 1992. At that time, the Commonwealth proposed to establish a rival, federal system of vocational education. While scorned by State leaders, the proposal seemed at least acceptable to business and union representatives.

Generally, normative issues seem at the least several steps removed from the frequently mundane and occasionally intemperate reality of Federal-State relations in vocational education, but should not be entirely overlooked.

Institution building in VET has sometimes been facilitated by the desire of participants to experiment with new intergovernmental forms, though it would be stretching a long bow to link the establishment of bodies like ANTA to the maintenance of pluralist democracy. Such experiments, however, may reasonably be linked to efforts to draw benefits rather than costs from overlapping jurisdictions. In this sense normative federalist theory has some application to the events studied in the study.

Key Issues

Despite the occasional appearance of a normative dimension, Australian studies of federalism are more commonly concerned with the actual operation of the federation. Contemporary theoretical concerns focus on four closely interwoven themes.:

- A **reconceptualisation of the nature of Australian federalism**, involving a changing description of the federal system away from a perspective based on a narrow and formalistic view of sharply divided coordinate jurisdictions. In this older model of federalism, failure to distinguish the roles of levels of government or to resource them from own source revenues was held to be a failure or at least imperfection of the federal model. The emerging alternative view is one in which the powers of government are held to be concurrent, with overlapping and even competing jurisdictional claims seen as signs of system health.
- An analysis of the extent to which **cooperation or conflict** is the characteristic operational mode of Australian federalism. This question is associated with issues such as the probability of incremental as opposed to disruptive change, the role of federal institutions in determining the nature and pace of policy development and in mobilising political agendas, and the identification of the conditions in which an intergovernmental arrangement moves from the arena of low to that of high politics.
- An account of successive New Federalisms and especially of how the development of an agenda of microeconomic reform and a **managerialist** approach to public administration came to dominate the processes of federalism and to entrench an agenda of reform affecting a wide range of government functions.
- A study of the attitude of the major **political partie**s towards federal institutions and the use of federalist institutions as solutions to issues on the political agenda. In particular, debate has centred on the apparent reconciliation of the Australian Labor Party to federalism and the readiness of the Hawke and Keating Governments to experiment with new federal arrangements, such as the ANTA Agreement. The issue might equally be presented as a study of the convergence of the major political parties in their views of federalism and the inevitability of Commonwealth activism and even dominance.

Concurrent Federalism

Theoretical writing on the Australian federation was long dominated by commentators who accepted the classical views of Bryce, Wheare and similar writers. The classical school assumed that federal powers should be distributed according to purposeful criteria in a hierarchical manner, creating a layer-cake image.

> By the federal principle I mean the method of dividing powers so that the general and the regional government are each, within a sphere, co-ordinate and independent. (Wheare, 1946, 11)

Both fiscal imbalance and the creation of intergovernmental arrangements to pursue the joint administration of functions were felt to be a departure from the ideal model and an introduction of inefficiency into the system.

> Clearly, if coordinacy is the standard then the intergovernmental mixing of both Commonwealth and State governments in major areas of policy is an aberration...[leading] to inefficient overlap and duplicatio. (Galligan, 1995, 192)

Many writers have been convinced that federalism itself is inherently an inefficient form of government

> For political scientists and economists, respectively, ‘conflict’ and ‘inefficiency’ are the recurring disabilities of Australian federalism (Gerritsen, 1990, 229).

Galligan has demonstrated how the influential wartime and early post-war generation of political theorists, notably Crisp, the author of the leading text on Australian Government through its editions from 1965 to 1983, viewed federalism as a frustration to reformist action.

> Crisp's dismissive view of federalism was characteristic of a generation of public figures and intellectuals who experienced first hand the heady atmosphere of war and post-war reconstruction. To that generation, national security, national development, national welfare policies and Keynesian style economic management all seemed to require, or to be facilitated by, the concentration of power in Canberra. (Galligan, 1989, 48)

More recent text writers have followed a similar pattern: Galligan describes two popular, theoretically based texts of the 1980s, as 'tendentiously hostile' to federalism (Galligan, 1989, 48). A standard text on public policy formulation usefully illustrates the persistence of the coordinate model of federalism and the inefficiencies held to flow from it.

> These internal state divisions reduce the coherence of state policy and make policy deliberations subservient to departmental or intergovernmental disputes. (Davis et al, 1988, 35)

The notion that intergovernmental arrangements promote inefficient government by subtracting from the pure form of coordinate federalism can also be detected in other federations, especially the United States. There

> federalist critics have always been suspicious of the whole notion of intergovernmental management and its compatibility with federalism. A more radical approach adopted by the Reagan Administration was to cut back federal grants programs quite ruthlessly in the name of fiscal restraint and respect for local autonomy. (Galligan, Hughes and Walsh, 1991, 8)

However, American theorists have always been more ready to support federal structures because of the influence of normative theory dating from the development of the United States Constitution, which advanced the case for a multiple division of powers. In addition, there has been a substantial strand of conceptual analysis refuting the view that coordinate federalism was an accurate depiction of the workings of a federation.

> In the United States, hierarchical models of government were challenged by Morton Grodzins over two decades ago and his hypothesis shaped future concepts about forms of political organisation. Grodzins' idea of federalism is based on a non-majoritarian theory of political diversity where power is diffused through a complex system of shared intergovernmental functions. (Fletcher, 1991, 81)

The strength of approaches such as Grodzins' is that they do not rely on imprecise concepts such as "cooperative federalism" to explain the evident fact that government functions in federations mix and merge with much greater frequency than the coordinate model would permit. Fletcher has argued, adapting Grodzins to Australia, that sharing of functions, not necessarily cooperatively, is the normal mode of operation of Australian federalism. Federalism in Australia, she believes, presents a complex picture of institutions with a policy disaggregating capacity rather than a system of government organised into neat hierarchical compartments.

> Political actions by State and local actors encourage the Commonwealth to become involved in local policy functions and as more governments become involved it is difficult to distinguish the jurisdiction of one government from that of another. (Fletcher, 1991, 86)

Painter argued along similar lines that

> A federal system such as Australia's is a 'dual polity'. The states are fully fledged political communities, alongside the commonwealth. But at the same time the jurisdictions overlap significantly in functional terms...In particular, novel issues are likely to give rise to claims on both levels of government for action. (Painter, 1988, 59)

Painter drew from this notion of the dual polity the concept of increased access by citizens to means of mobilising issues:

> What is being suggested here is that the dual polity accelerates the mobilising and mediating processes that carry issues onto official agendas. (Painter, 1988, 59)

An increasing consensus amongst Australian federal theorists argues that the Australian federation is concurrent rather than coordinate or simply cooperative, that any administrative inefficiency is compensated for by political efficiency, that there is in fact an administrative and economic case that federal arrangements promote efficiency or at least are not more inefficient than centralist management. In the case of writers prepared to adopt a normative theoretical position, it is argued that concurrent federalism should be defended and advocated because of its contribution to pluralistic political life.

Wiltshire raised the issue of whether the founding fathers intended to create a layer-cake federation.

> Some scholars argue that most of the powers assigned to the national government were meant to be concurrent and that the explicit provision for conditional funding (in Section 96 of the Constitution) reveals an intention by the founders to create a deliberate pattern of overlap and duplication. (Wiltshire, 1992, 166)

It is certainly Galligan's contention that concurrency is inherent in the structure and wording of the constitution, illustrated by the fact that very few powers are awarded exclusively to one level of government (Galligan, 1995, 199).

In any case, the evolution of the federation through financial, administrative, and political innovations, collectively described as executive federalism, together with some formal constitutional amendments, has left no doubt that the interjurisdictional mixing which produces marble-cake federalism has been the dominant experience at least since the Whitlam Government.

The political efficiency increasingly ascribed to Australian federalism is based on citizen's use of the dual polity to pursue maximisation strategies for their own benefit. According to Gerritsen, this skill provides

> an alternative explanatory dynamic for political behaviour within the system. This dynamic lies in the highly utilitarian usage the citizenry have made of the different loci of power provided by the federal system. (Gerritsen, 1990, 229)

Gerritsen has also noted some economists' views of federalism which have argued that "federalism is efficient because it encourages competition" (Gerritsen, 1990, 230). Walsh, in collaboration with Galligan, has put a more comprehensive economic case for federalism:

> The support of federalism which comes from economic thinking has many diverse strands, but basically two interrelated dimensions. The first emphasises the advantages of the *decentralisation* of the provision of at least some public services to satisfy a more diverse set of preferences for service levels and standards. The second, more recently developed and articulated, suggests that *competition* within and between spheres of government can act as a mechanism both for restraining the inherent coercive power of government and for encouraging creativity and experimentation in decision making. (Galligan and Walsh, 1991, 9-10)

Galligan is the Australian theorist who has argued most strongly for the normative value of federalism. His case is that the resilience of Australian federalism, and indeed its flourishing, arises because it increases democratic participation in politics through representation of the people at both national and State levels

> Federalism creates multiple majorities for different purposes...federalism combines the national strength of a large nation with the enhanced participatory qualities of smaller democratic states. (Galligan, 1995, 51)

The history of joint activities in vocational education by the State and Federal governments, particularly since the establishment of major national institutions by the Whitlam and Fraser Governments, represents concurrent federalism of the type described by the theorists. The creation of the Australian National Training Authority was an even more explicit initiative of this kind.

Moreover, in relation to vocational education, citizens have long had access and some measure of choice of institutions at each level of government, because of the coexistence of primarily training oriented bodies, like Labour Departments and Apprenticeship Commissions, and of more strictly educational agencies, such as TAFE Departments, TAFE Colleges and national bodies like the TAFE Council and CTEC.

When these coexisting points of access came into conflict in the later 1980s, the processes set in train led to considerable tension but finally to some interesting institutional creativity. In Painter's analysis,

> It is clearly debatable whether ANTA was the product of cooperative federalism, although its federal form reflects the models being developed in other cases...If [the ANTA Chair's] comments on ANTA's role reflect the real state of affairs, the outcome would seem to be a genuinely federal power sharing arrangement, even if the process by which it was arrived at was marked by Commonwealth coercion. (Painter, 1995, 12)

The processes referred to by Painter are a major focus of this study's research.

Cooperation and Conflict

Closely related to the theoretical reappraisal of Australian federalism from coordinate to concurrent has been a renewed interest in the presence or absence of cooperation and conflict, with the associated issues of incremental or disruptive change.

In the face of a popular impression of continuing Commonwealth-State conflict, reflected in media accounts and public statements by heads of government and other political office holders, academic commentators have been at some pains to point out that quiet cooperation is by far the more frequent operational mode of intergovernmental relations, not least in education.

Marshall in his examination of the abolition of the Commonwealth Tertiary Education Commission in 1987 argued that

> interaction between the levels of government has been characterised by cooperation rather than conflict. Disagreements have tended to be occasional and temporary occurrences. Until recently, tertiary education never entered the arena of 'high politics'. (Marshall, 1991, 214)

Chapman, in his analysis of Ministerial Councils and intergovernmental committee structures, asserted that

> it would appear that tensions between state and state and state and commonwealth may be alleviated at these meetings. They are tools of effective policy-making in a

> federal system; ways of coping with the inevitable conflicts of jurisdiction and interest that emerge over time. (Chapman, 1988, 107)

Participants in the process concur. Former Tasmanian TAFE Director, Trevor Leo, writing of his experience on the TAFE Council, pointed to

> Strong cooperation between State TAFE systems and the national advocate - the TAFE Council. This relationship and the style of operation of the TAFE Council and its highly competent Secretariat, based on consultation and consensus, should be remembered. (Leo, 1988, 54)

NSW TAFE Commission Managing Director Gregor Ramsey, describing more recent experiences, claimed

> We are beginning in TAFE as well as in other parts of education to act more like a single small country of 17 million rather than eight minute countries each trying to do its own educational thing. (Ramsey, 1991, 51)

Federal theorists have generally adopted Lindblom's concept of incrementalism in describing the normal operations of intergovernmental relations (Lindblom and Braybooke, 1963). Particularly in the case of Australia and Canada, theorists have stressed the incremental nature of Executive Federalism, in which intergovernmental relations are conducted through Ministers' or Officials' forums or specially created independent bodies (Sharman, 1991, 23).

The existence of intergovernmental machinery for the conduct of executive federalism has a number of consequences. One is a tendency toward lowest common denominator solutions. Another is the search for technical and professional areas of consensus. Painter concluded from these tendencies that

> policy formation is likely to be, on the whole, incremental in style [but] only if relationships among, and the positions of, the major participants in a policy community are not seriously disrupted. (Painter, 1988, 62)

A concurrent system of federalism is one in which bargaining and negotiation are the common experience of participants. This in turn gives rise to a special emphasis on institutions established as an arena for bargaining and continuing policy development.

> In a federal system the emphasis on institutions and a strong support structure is crucial for accommodating bargaining processes. (Fletcher, 1991, 85)

Within a federal system, therefore, institutions have not only their normal importance as vehicles for policy implementation and on-going administration, they also serve as the locus for policy-making itself through the bargaining process. Policy-making in this fashion creates policy communities.

> A policy community is a group of regular participants in a particular policy sector, most of whom are officials, who agree about certain procedures and norms of how things get done and share a common perception of what 'expert' knowledge is and who are the 'experts'. The policy community provides the social and political setting within the governmental machinery where debates and conflicts over the issues emerging in the sector are thrashed out. (Painter, 1988)

Contemporary theory, however, warns against overextending the concept of cooperation in intergovernmental relations or accepting assertions of cooperation at face value. Some commentators, especially those influenced by public choice theory, are inclined to view instances of cooperative federalism as appropriately described by Adam Smith's term 'a conspiracy against the public'. In this view, either both levels of government are conspiring to extend the reach of government, or else a further increase in central dominance is being disguised (Nahan, 1995).

At a more general level, theory based on concurrent federalism is mindful of the scope for the intrusion of political conflict in policy-making. Policy communities in a dual polity are vulnerable to disruption when governments take unilateralist stands based on their self-perception as sovereign entities. According to Painter,

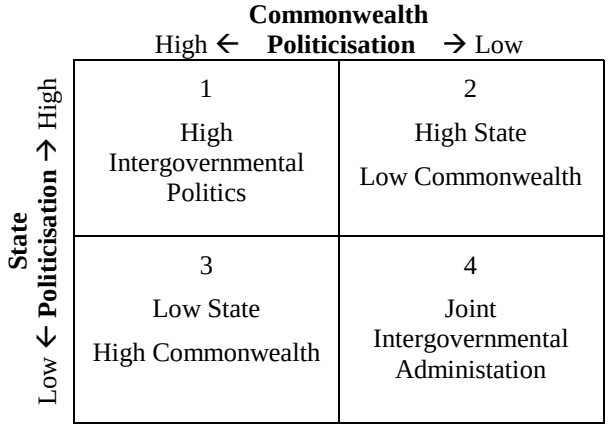
> the emergence of policy communities through intergovernmental interaction within particular policy sectors would tend to produce gradualism, consensus and professional - and official-dominated policy processes; yet the potential for unilateralism, at the whole government level in particular, would produce the opposite result - sudden about turns and disruptions to smooth policy development. (Painter, 1988, 63)

The process described by Painter effectively encapsulates the experience in vocational education and training when one policy community, with an established institutional framework within the Commonwealth Tertiary Education Commission, found itself and its values challenged by an emerging policy community based on managerialism and whole-of-government policy frameworks.

When a disruption along the lines described occurs, there is every prospect that the issue involved will transfer from the low politics of debate within intergovernmental machinery to the high politics of public contestation by professional politicians, as occurred when the federal Government announced its offer to take over the funding and control of technical and further education in 1991. Federalist theory seeks to explain the conditions under which the transition occurs.

One view is that because the dual polity accelerates the mobilising process that carries issues onto official agendas, and because the federalism itself creates an all pervasive issue to which other issues can be attached (for example, as a defence of States' rights) there exists a capacity for a federal system to be 'self-exciting' (Painter, 1988).

Another explanatory framework was constructed by Galligan, Hughes and Walsh. They draw two axes, one each for Federal and State governments, which contain a spectrum of politicisation from low to high (see Figure 1). This creates four quadrants. In Quadrant 1 [Q1], issues are highly politicised for both Commonwealth and States, and this is the arena of high politics. In Q4, with low politicisation for both levels, joint intergovernmental administration proceeds smoothly. In the two remaining quadrants, high politicisation for one level of government coexists uneasily with low politicisation for the other. Issues may cycle through the various quadrants; as the high politics are fought out and resolved, they move to a less contentious sector.



Source: Galligan, Hughes & Walsh (1991), 15.

Figure 1. Commonwealth and State Levels of Politicisation

The cycling of issues from the backwater of incremental intergovernmental adjustment to the public glare of high politics and intergovernmental conflict, and their return, in new institutional guise, to the realm of the routine, is the subject matter of much of this study. Importantly, a key research question is the search for a trigger mechanism to start the cycling process.

The trigger which most clearly fits the empirical evidence collected in this study is the existence of value shifts within political-administrative cultures, for example the emerging dominance of managerialism in intergovernmental relations accompanied by a new emphasis on utilitarian objectives within vocational education and training.

New Federalisms, Microeconomic Reform and Managerialism

The Australian federation has experienced "new federalisms" at recurring intervals. While academic commentators have used the term for earlier periods of innovation, like the establishment of new federal financial arrangements in the 1930s, more recently political leaders themselves have chosen to adopt the label. Thus, there have been "new federalisms" announced and to some degree implemented by each of the Whitlam, Fraser and Hawke Governments:

> During the last twenty years Australia has seen three waves of 'New Federalism' launched by Prime Ministers Whitlam, Fraser and Hawke. Whitlam's was a bold but heavy handed attempt to manipulate federalism through extensive use of tied grants and direct payments to regional and local authorities for the purpose of achieving Commonwealth goals in social policy and urban development. Fraser's New Federalism was designed to capture the backlash of the States produced by Whitlam's centralist initiatives....The heat of the Whitlam years was taken out of intergovernmental relations, but little else was achieved.
>
> The New Federalism of the Hawke Labor Government in the early 1990s was a more ambitious attempt at improving intergovernmental relations. As Prime Minister Hawke made clear, the Commonwealth's overriding concern was microeconomic reform. (Galligan, 1995, 203)

The Hawke Government initially followed a nationalist and economically expansionist policy direction, not dissimilar in outlook to the two previous administrations, despite its eagerness to distinguish its style both from the perceived extravagance of the Whitlam era and supposed tight-fistedness of the Fraser years. However, as with its predecessors, expansionist policies quickly ran into the obstacle of a deteriorating balance of payments.

> The Australian dilemma is profound. This country owes its high standard of living to world-class rural and mining industries. On average they earn a very good living, but the auction markets into which they sell are very volatile...shocks occurring in a small number of industries get transmitted throughout our economy. This is simply unlike the position of most other industrialised countries.
>
> Thus on top of the normal business cycle problems of inflation and exchange rate worries, of upswings and recessions, which are common in varying degrees to all industrialised economies, we are subject to a major degree of instability stemming from the terms of trade. (Indecs Economics, 1992, 6-7)

The Hawke Government's response was to supplement traditional short-term macroeconomic management with a sustained program of microeconomic reform, through which it hoped to increase the economy's orientation to export, especially of elaborately transformed manufactures, at world-best competitive levels of performance. The process was given added impetus by a sharp turndown in the nation's terms of trade in 1986, which, it was held, required an optimally efficient support structure in both the private sector and in the delivery of public services.

An extensive commitment to microeconomic reform then became the hallmark of the Hawke and Keating Labor administrations from 1987 to 1996. This was partly in reaction to the reality of the nation's exposed economic position in a time of increasing globalisation of economic forces but also a reflection of a changing intellectual climate in which the use of market forces rather than government direction gained the ascendancy in discussions of public policy.

The Government made it clear that education and training would be a major element in the reform process.

> Looking beyond the current imperative for structural adjustment, Australia will remain part of an international economy in which change is continuous. A highly trained and flexible labour force makes possible sustained improvements in living standards through the capacity to adapt to changes in the economic environment...Education and training will play a vital role in productivity performance, directly conditioning the quality, depth and flexibility of our labour force. (Dawkins and Holding, 1987, 3-4)

An early step taken by the Government in conjunction with the Australian Council of Trade Unions (ACTU) was the introduction of Award Restructuring, in which workers' earnings were linked to skills acquisition. This policy led in turn to the Deveson Inquiry into Training Costs, which became the first milestone in a process of restructuring vocational education and training institutions (Deveson, 1990).

It was not long, however, before governments recognised that the federal nature of the Australian public sector required reform to the federal arrangements themselves, particularly to the "subterranean world of intergovernmental relations" (Fletcher and Walsh, 1992, 590).

Thus, in announcing his "new federalism" at the National Press Club on 19 July 1990, Prime Minister Hawke specifically attributed the initiative to the need to improve national efficiency and international competitiveness, and to improve the delivery and quality of the services provided by governments. According to Hawke, Europe after 1992 would have fewer impediments against the trade of goods and services than there were between the states of Australia (Wiltshire, 1992, 165).

The engine of the process of reform to Federal-State relations was a series of Special Premiers' Conferences (SPCs) between 1990 and 1991, which collectively constituted the application of the Hawke administration's version of "new federalism". The dynamic underlying the process was the emergence of the new administrative culture of managerialism, which allowed issues to be seen as technical problems requiring solution, rather than political contests between parties or levels of government. The key practical effect of managerialism was the dominance of central over line agencies in enforcing whole-of-government solutions over the preferences of specialist policy communities.

Noting that the SPC process represented "one of the greatest mobilizations of government officials in peacetime", Wiltshire argued

> The driving force was an appeal to nationalism and a resort to 'rationalisation' to produce more effective and efficient service delivery (and to) produce role clarification for the country's various governments within the shared functions. Implicit in the last mentioned factor was an acknowledgment that, for the most part, layer-cake coordinate federalism is no longer possible. (Wiltshire, 1992, 170)

At least part of the explanation for the greater effect of the Hawke era "new federalism" compared to earlier manifestations was that, since the 1970s, there had been growth in a new political and administrative culture usually referred to as managerialism. This was a change in values and attitudes to government which took

hold within the federal bureaucracy and among central agencies and Ministerial advisers in State governments, although more rarely within State line departments.

> This change might be called a shift towards managerialism. Although this term is an imprecise one, in this context it is used to refer to three characteristic concepts of contemporary executive government: first, a concern with using resources to achieve goals at the least economic cost; secondly, a concern with the coordination of government activities so that they are consistent with the overall direction of government policy; and thirdly, a concern with the design of government itself. (Galligan, Hughes, Walsh, 1991, 31-32)

Managerialism (also described as corporate managerialism) became a significant force once the Hawke government emerged as a government with a commitment to microeconomic and bureaucratic reform. It was to a very large extent led by senior Commonwealth public servants, who used conferences and scholarly publications to articulate and defend their bureaucratic practice. A well known State-based managerialist identified Commonwealth Departmental Secretaries Codd, Shand and Keating as the "leaders of the managerialist school" (Paterson, 1988, 287).

Dr Michael Keating, Secretary of the Department of the Prime Minister and Cabinet at the time of the ANTA Agreement, and in that capacity a significant participant in the policy processes leading to the Agreement, described the mix of theory and practice which led to a new bureaucratic style in the 1980s:

> Not surprisingly, this better appreciation of economic experience and literature has had its impact on the government's own bureaucracy. What is perhaps surprising is the extent to which...this bureaucracy took the lead in producing much of the literature and fostering the debate which has facilitated the learning process. This has also meant that among the governments 'econocrat' advisers there was by the mid-1980s a considerable measure of consensus and they seem to have achieved a greater influence than in many other countries. (Keating and Dixon, 1989, 69)

Clearly this is a considerable distance removed from the traditional self-effacing model of civil service theory and practice.

> These shifts in management style and organisational structure...contain at their core a set of concepts and values which set them apart from alternative views of public sector management. (Considine, 1988, 5)

Academic critics of managerialism like Considine and Yeatman have contrasted managerialism with Weberian analysis:

> the discourse of management sits uncomfortably with, and by its logic tends to preclude, reference to substantive public service obligations like maintaining the rule of law, upholding citizens' rights of access to fair and equitable government administration, and providing high quality human service. (Yeatman, 1987, 341)

Managerialism was given a cautious endorsement in vocational education by some senior State executives.

> Deveson was in fact advocating a corporate model of delivery for education and training. TAFE in NSW in recent years has looked to these principles in developing its services and delivery, beginning with the Scott Review, through to the enactment of new legislation.
>
> There is in the Act, I think, the right balance between corporate and commercial imperatives and TAFE's responsibility to individuals and to industry in the provision of technical and further education. (Ramsey, 1991, 52)

The importance of managerialism for vocational educational institutions is also shown in the disestablishment of the Commonwealth Tertiary Education Commission (CTEC) structure.

> The new managerialism, with its emphasis on corporate planning, measurable goals and evaluation of outcomes, inevitably highlighted the deficiencies of CTEC's operational network. (Marshall, 1991, 224)

For reform of intergovernmental structures, the key point about managerialism is its centralising dynamic. Despite the support of a small number of State line executives, the net effect of managerialism is almost always an increase in central power, both of the Commonwealth over the States and, within the States, an increase in the control exercised by central agencies (such as Premiers' Departments and Treasuries) over line agencies.

> In broad terms, there are two main types of administrative reform corresponding to different economic and political purposes. The first, and most fundamental type, concerns changes to existing bureaucratic organizational and expenditure practices relevant to the administrative jurisdiction of a single government (the 'new public management'). Usually, it involves strengthening the power of central agencies, even if dressed up in other language.
>
> The second type of reform arises from a desire by governments to extend or centralize power, including over the intergovernmental activities of their own agencies...In Australia, the principal beneficiary of a more neatly defined administrative structure would be the commonwealth Government. (Fletcher and Walsh, 1992, 607)

In the Special Premiers' Conference (SPC) processes, the cooperation of State central agencies with the Commonwealth, and of the Premiers with the Prime Minister, was the key to success. As one of senior State advisers described the process

> for a brief period of time we had a group of Premiers and Chief Ministers who were prepared to sacrifice short-term parochial and political benefits in favour of microeconomic reforms which were said to be in the national interest. (Sturgess, 1993, 8)

Sturgess rightly pointed to the close cooperation between then New South Wales Premier Greiner and Prime Minister Hawke as a key element in the SPC process. The removal from office of each of these leaders shortly before the conclusion of a Commonwealth/State Agreement on training significantly affected the detailed shape of the outcome. The overall dynamic, however, continued to be a consequence of the 'managerialism effect' in intergovernmental relations.

Political Parties and Federalism

The final strand of contemporary federalist theory concerns the attitude of the major political parties towards the federation and, in particular, the apparent reconciliation of the Australian Labor Party with the theory and practice of federal government.

The approach of the Liberal Party to federalism is generally seen as relatively unproblematic, with the only significant federalist incident, the marshalling of State opposition to the overt centralisation of the Gorton Liberal administration, simply reinforcing the tendency of Liberal federal governments to proceed steadily and quietly in amassing greater powers for the Commonwealth. Almost no writer is prepared to accept the Party's own self-valuation as a defender of federalist principles and States' rights.

The degree to which Liberal Governments have acted in a centralist fashion has certainly varied over time.

> Between 1949 and 1963 there was a relatively inflexible adherence to the established division of responsibility between the States and the Commonwealth. The States were seen to have authority over education and all overtures for a

> positive Commonwealth role were rejected. After 1963 and before 1971 there was a shift in philosophy and the Commonwealth pursued expanding programs in specific areas of education. After 1971, the federal government reverted to observing the integrity of the States. (Tomlinson, 1977, 28)

The general picture is of Liberal Governments adding to Commonwealth power by quiet consolidation after peak periods of centralist activity, either their own or those of Labor administrations. Jaensch described the process:

> Obviously, most leaders of the party have maintained a firm commitment to federalism, and to a structure of federalism little changed from the 1901 compact. However, at the same time, federal Liberal governments did nothing to reverse the trend in federal process -the transfer of real power to Canberra. (Jaensch, 1994, 134)

Commentators have argued that the overthrow of Gorton, followed by the perceived centralist excesses of the Whitlam administration, led the Fraser Government to raise the pitch of its rhetoric on federalism (Puplick, 1994, 99-100), but not to deflect its preference for increased central control.

> Mr Fraser's tactics have been dissembling. He has moved in the direction of Mr Whitlam's goals while claiming publicly to be heading elsewhere. (quoted in Jaensch, 1994, 135)

Political scientists have had no doubts about Labor federal governments' desire to centralise power within Commonwealth jurisdiction; the issue has been the means. The great development in partisan attitudes to federalism in the post-war years has been the gradual transformation of the Labor Party's traditional frustration and hostility towards the federal dimensions of the constitution first to reluctant acceptance and more recently to substantial reconciliation.

> The traditional tensions between the ALP and the Constitution have been well documented in the literature. In fact, Labor protagonists and commentators who shared Labor's commitment to the ab.olition of federalism have had something of an obsession with the theme (Galligan, 1995, 92)

The powers exercised by Labor Governments in and after World War II did nothing to diminish the party's preference for direct central control of areas considered crucial to the implementation of its social goals. The Curtin Government's attempts to achieve these powers by referendum in 1944 was unsuccessful and the acquisition of a more restricted set of powers in the 1946 referendum did not appease the party. In its 1948 Platform, it demanded the abolition of the Senate and power for the Commonwealth Parliament to create States or Provinces with only delegated authority (Galligan and Mardiste, 1992, 75).

Whitlam led the party to its first significant reconciliation with federalism by the way he grasped that Section 96 conditional grants to the States could be applied to effect Labor social goals through the States under Commonwealth supervision.

> It is significant that these new directions did not necessitate the transfer of legislative powers from the States to the federal Parliament. They entertained a shift in the federal financial balance and a consequential shift in the locus of control but not a formal transfer of authority. (Tomlinson, 1979, 36)

Even so, until 1971 the ALP Federal Platform contained a unificationist plank, providing that sovereign power be vested ultimately in the Commonwealth (Button, 1982, 82). Senator Button led the movement to remove the party's commitment to abolition of the Senate in 1979 (Galligan, 1995, 107).

By the time shadow education minister John Dawkins was looking forward with some confidence in 1982 to Labor's next period in government, he simply assumed that a determined Labor administration could call as centralist a tune as it wished:

> Labor believed that the single most important contribution to the accountability question will be the achievement of agreements between the funding partners, against which all funds, Commonwealth, State and private, can be measured. This will be a new form of public accountability, whereby the efforts of each of the funding partners can be measured against agreed objectives. (Dawkins and Costello, 1983, 76-77)

This was not the model Dawkins proposed for vocational education and training in 1991, but it is a reasonable description of the ANTA Agreement as it was eventually achieved in 1992.

In setting out his proposals, Dawkins was acting consistently with what had become the party's settled position by the end of the 1970s

> By the end of the 1970s the ALP's platform regarding federalism had been brought into line with its realistic aspirations for moderate policies of social reform and a neoconservative approach to economic management. (Galligan & Mardiste, 1992,84)

The frustration-reconciliation hypothesis has been challenged in some respects by Parkin and Marshall, who argued that both the frustration and the reconciliation have been less clear cut than sometimes implied and that considerable differences have always existed between State and federal Labor on the issue of federalism. They continued:

> To the extent that there is policy related evidence for this reconciliation, it comes from the period since the election of the first Hawke Government in March 1983....In this period, it is difficult to disentangle developments within the Labor Party per se from developments in the intergovernmental politics of Australian federalism. (Parkin and Marshall, 1994, 31)

If it is true that the approach of Labor as a party is difficult to distinguish from that of the Labor Government during the Hawke regime, it is also true that experiments in federalist institution building, such as the creation of ANTA, need to be viewed as developments within the policy processes of political parties as well as of governments.

The ANTA model, which involves policy control by a Ministerial Council representing Federal, State and Territory Ministers, and thus almost inevitably Minsters of different political commitment, and the integration of business and labour interests through an independent Board, reflects the considerable extent to which the political parties have achieved policy convergence in the conduct of intergovernmental relations.

Consequently, it is reasonable to claim that the initiatives of 1991-1992 have been, at least to some degree, internalised within the repertoire of available solutions adopted by both parties of government. This in many ways parallels the support given to the TAFE Council by the Fraser Government, despite its establishment during the Whitlam administration.

Conclusion

The review of the contemporary theoretical literature on Australian federalism conducted in this chapter has indicated the dominance of four broad themes or debates:

1. the issue of coordinacy or concurrency in theoretical conceptualisations of the origins, evolution and present status of the Australian federation;

2. the issue of incremental or disruptive adjustment, often perceived as cooperation or conflict, within the pattern of intergovernmental relationships;
3. the issue of whole-of-government value shifts, epitomised in the contemporary analysis of the extent to which managerialism has driven developments in intergovernmental relations;
4. the issue of partisan convergence in attitudes to federalism. especially the validity of the frustration-reconciliation hypothesis in relation to Labor in government, but also the extent to which the conservative coalition has come to accept the inevitably of central dominance.

The history of institution building in Australian vocational education provides a series of empirical examples which may be used to test hypotheses derived from these themes. For example, the coordinate view of constitutional practice was invoked for more than half a century as a barrier to Commonwealth participation in the funding and management of vocational education, and it may be argued that national institution building before 1972 exhibited the hallmarks of coordinate conservatism.

The issue of cooperation or conflict in intergovernmental relations in vocational education may be tested in a number of circumstances, but above all in the intense contest between Commonwealth and States for control of TAFE in 1991 and 1992.

The issue of partisan convergence may be studied both in the bipartisan neglect of technical education in the first six (peacetime) decades of federation, and in the continuing involvement of governments of both persuasions in TAFE in the decades since the 1970s. Labor's reconciliation with federalism may usefully be examined not only in the vigorous use of the Constitution's Section 96 tied grants power by the Whitlam Government, but even more by the indifference with which the Keating Government regarded constitutional barriers when proposing its take-over of State TAFE systems or even the creation of a rival federal vocational education sector.

It also evident that the theoretical perspectives brought by writers on federalism coincide to a considerable degree to the analytic framework outlined earlier. Examples include the emphasis on policy communities in Painter's analysis of intergovernmental mechanisms (Painter, 1988, 61) or his concern with the mobilisation of rhetoric in agenda setting (Painter, 1988, 59); Galligan and his collaborators' interest in trigger mechanisms and the means by which policy issues cycle from low to high politics (Galligan, Hughes and Walsh, 1991, 15); and the question of value shifts in government, explored in relation to managerialism and federalism by Marshall (1991) and Fletcher and Walsh (1992).

3

Managerialism

Introduction

This chapter explores the significant change which occurred in the value systems of Australian Governments in the 1980s. During this time, a strong and radically new philosophy of government swept through central agencies and line portfolios in the Commonwealth and most State jurisdictions. Initially aimed at financial control and management, the new managerialist ethic rapidly gained favour as the engine of policy making, in Australia, as in other English speaking nations.

The growth of this ethic in Australia and its impact on the management of national institutions in education are examined at some length in this chapter. In terms of the analytic framework of this study, these developments constituted a new value alignment. Such a realignment provides increased scope to policy entrepreneurs to draw on ideas which previously had been excluded from realistic calculation within the policy community. So great was the change in values that what would once have been regarded as an extreme measure, the transfer of control of vocational education and training to the Commonwealth, became a realisable option and the subject of intense conflict.

In the modified A.I.M. model, a new alignment is associated with a period of initiative, that is, a fundamental change, such as in demography or economics, which opens the way for new thinking about the role and purpose of government and what it can achieve. The changes which cleared the way for managerialism were those involved in the impact of economic globalisation, presented in heightened form in the economic and exchange rate crisis of 1986. These led directly to the machinery of government changes introduced in 1987 and to a wholly new approach by the federal government to its role in the national coordination of vocational education and training.

The economic events of 1986 and the public administration consequences in 1987 represented sharp and clearly identifiable discontinuities in policy making. On the other hand, some of the initiative leading to a value realignment in education can be detected in the increasing dissatisfaction of governments at the failure of the education

policy community to deliver real gains in the field of youth employment. This dissatisfaction became joined to a wider feeling that the ways in which government fostered economic growth needed fundamental reappraisal. That reappraisal in turn produced a new way at looking at the relationship between educational and economic values.

Managerialism

A New View of Government

The driving force behind these changes was a set of policy orientations which became identified as 'corporate managerialism' (Marshall, 1991 2; Lingard, Knight and Porter, 1993; Zifcak, 1994). The term 'managerialism' refers to a set of theoretical principles and practical administrative reforms which, while difficult to encompass in a brief definition, characterised a new approach to government in most of the English-speaking democracies in the 1980s.

The nature and origins of managerialism are described more fully below. It is important to note that, in the format adopted by the Hawke Labor Government and in contrast to British, American and New Zealand variants, the corpor' (or business-like) elements of managerialism coexisted with a more European tradition of corporatism: that is, a process in which private sector interests, especially business and union peak bodies, are incorporated into public policy formulation.

Managerialism did not emerge as an entirely new concept in 1987, nor was it confined to the federal level of government, nor to Australia. However, the renewed interest in micro-economic reform which followed the 'banana republic' balance of payments crisis of 1986 (described below) reinforced what had become a growing ideological consensus within national policy communities in Australia and especially within the Commonwealth public service (Nethercote, 1988; Pusey, 1991; Campbell and Halligan, 1992).

Education policy was significantly affected by these changes, not only because all government portfolios were expected to play their part, but because education had been assigned a priority role in economic restructuring through the concept of 'the clever country' (Hawke, 1994, 230; Dawkins, 1990, 2-8). Smart and Dudley's analysis of three distinct stages in the evolution of education policy under the Hawke government identified a sharp swing towards economic and instrumental values from 1987 (Smart and Dudley, 1990).

The emerging educational policy directions of the third Hawke government are summarised by Smart and Dudley as

> the integration of education into productivity...reflected in such policies as the abolition of the statutory commissions and absorption of their functions into DEET, and the strong emphasis on skills training, vocationalism and 'user pays' policies in higher education (Smart and Dudley, 1990, 207).

These policy hallmarks, evident enough in school and higher education, became dominant features of the government's directions for TAFE and vocational education. According to the incoming Ministerial team in 1987, TAFE needed to redress what they perceived as

> A lack of a direct relationship to wider economic, industry development or labour market objectives. (Dawkins and Holding, 1987, 33)

In some respects, the Commonwealth came late to such a conclusion, as restructuring educational systems along corporate lines had been well established in New Zealand

and in the Australian States throughout the 1980s (Codd, 1993, 155-160; Kell, 1993, 217).

The Commonwealth's approach to managerialism, which initially focused on financial and administrative accountability measures, broadened after the balance of payments crisis of 1986 and the machinery of government reforms of 1987 to set in train a wide range of changes to specialist, functional areas of government, of which education and vocational education policy were marked for special attention. Many of the functional responsibilities for which the Commonwealth developed reform strategies were areas in which responsibility was shared (and to a degree competed for) with State Governments. Innovation in Federal-State relations therefore became an integral part of the managerialist agenda.

Within vocational education, the new approach in Federal-State relations was characterised both by an increasingly centralist and directive stance by the Commonwealth towards the States (EPAC, 1990, 7 et seq; Ryan and Hardcastle, 1996, 240), but also by more imaginative initiatives, such as the creation of a new Federal-State Ministerial Council (MOVEET, the Ministers of Vocational Education, Employment and Training) or the use of a public company, such as the National Training Board, jointly established by Federal, State and Territory Ministers, to carry forward an important part of the training reform agenda.

Ultimately, the managerialist era in Federal-State relations led to the initiation of the Special Premiers' Conference (SPC) process, in which the future of TAFE management and control became a threshold issue (Carroll and Painter, 1995, 11; Ryan and Hardcastle, 1996, 244-248). At the same time, the enmeshment of the relatively technical issues of the Special Premiers Conferences' agenda with the increasingly bitter leadership struggle within the Federal Labor Government, and the occasional eruption of serious Commonwealth-State tensions, highlighted the limits of the managerialist orientation when in competition with political imperatives (Mills, 1993, 260; Painter, 1995, 3 and 7).

One consequence was that TAFE and training issues began to emerge, as they had not since the Whitlam era, into the arena of high politics. The new policy alignment presented a policy window if an entrepreneur could be found to make use of it. Such a policy entrepreneur entered the field with the appointment of Dawkins to the new Ministry of Employment, Education and Training in 1987.

The Changing Economic Fundamentals

The Hawke government assumed office in 1983 with considerable confidence in its ability to meet economic and social justice objectives simultaneously (Hawke, 1994, 132). In the Governor General's Speech outlining the government's intended program, social and economic goals were given equal priority:

> The work of reform, to create a more equal and more just society, must continue side by side with the urgent task of removing the acute injustice and deprivation caused by Australia's present massive unemploymen.t (Commonwealth Parliamentary Debates, Senate, 21 April 1983)

In the event, considerable emphasis was placed on economic reform and deregulation and a combination of successful policy and good fortune produced a period of substantial economic growth.

> From the mid-point of 1983 the Australian economy experienced two years of strong recovery prompted largely by fiscal stimulus from the last Fraser and first

> Hawke budgets, the breaking of the drought, strong investment in dwellings and a burst of stockbuilding. (Davis, 1989, 80)

This combination of events allowed the government to overlook fundamental difficulties in the nation's economic structures, especially recurring balance of payments deficits which had been largely hidden by the cyclical downturn. The floating of the Australian dollar in 1983 had taken place during an unusually benign international economic climate and 1984 continued a period of exchange rate stability. This was not to last, however, as the international commodity cycle turned sharply against Australia.

> By September quarter 1986 the AUD had shed 36 per cent and 30 per cent of its exchange value in TWI [trade weighted index] and USD terms, and 50 per cent and 47 per cent of its value against the yen and the German mark. (Indecs Economics, 1992, 101)

Federal Treasurer Keating had to this point tried to reassure the public on balance of payments issues by reiterating the J curve theory - the proposition that an initial worsening of conditions was a forerunner of long term improvement. However, the failure of the economy to respond and in particular the balance of payments figures for April 1986 cast gloom over this strategy and in May 1986 the Treasurer changed direction, choosing to alarm the community and his Cabinet colleagues with his prediction in a radio interview that Australia was in danger of becoming what he termed a banana republic. (Davis, 1989, 82)

As a result, major economic restructuring was attempted in the 1986 budget and in subsequent mini-budgets in May 1987 and May 1988. The 1986 budget, completed in July, was put together in a state of near panic, with Treasurer Keating reading minute by minute falls in the Australian dollar from his portable Reuters screen during a crucial meeting of Cabinet's Expenditure Review Committee (Walsh, 1995, 151).

The Commonwealth Government's decision to aim for zero real growth in outlays in the 1986 budget, requiring an expenditure reduction of $900 m, was certain to have an impact on education as on all major portfolios of government. For example, John Dawkins as Finance Minister had proposed the reintroduction of tertiary education fees in 1985 and, in the 1986 budget, secured a first step with the imposition of a higher education administration charge on individual students (Walsh, 1995, 153). More generally, education began to assume a greater significance for a government now deeply committed to wholesale economic restructuring.

> Interestingly, the third Hawke government from mid-1987 showed clear signs of a renewed interest in education policy - primarily because of education's newly perceived relevance to the task of national economic reconstruction. (Smart, 1989, 319)

The nature of this renewed interest was revealed after the 1987 general election and the appointment of Dawkins as Minister for Employment, Education and Training. Prior to this, Dawkins as Minister for Trade, Finance Minister and especially as Minister assisting the Prime Minister for Public Service Matters, had been a leading force in the government's adoption of managerialist and economic rationalist processes and policies.

An international comparative study of managerialist initiatives in government has argued that Dawkins, along with senior public servants Peter Wilenski and Michael Keating, were particularly critical appointments in the adoption of managerialism within the Australian government (Zifcak, 1994, 163). What is certain is that from July 1987, managerialist policy approaches assumed a critical role in education generally, and vocational education in particular.

A managerialist and economic rationalist consensus had been building within Federal and State bureaucracies for some years (Marginson, 1993, 55-57; Painter, 1987, 1). It was strengthened enormously by the appointment to the Hawke Cabinet of Ministers like Dawkins and Finance Minister Walsh, who were prepared to argue publicly and within government for 'rationalist' reforms (Dawkins, 1985; Walsh, 1995).

Even so, the full implementation of managerialism at federal level was constrained by traditional Labor ideology and its supporters within the ministry. It took the economic crisis of 1986 to unleash fully the forces which had been building for some time. Hawke quite explicitly linked his managerialist reforms after the 1987 general election to this deterioration in economic conditions.

> These decisions are an essential part of the restructuring of the Australian economy...which has been made necessary by the decline in international commodity prices and the consequent effects on our economic circumstances. That restructuring must involve all sectors of the Australian economy including the public sector. (Zifcak, 1994, 18)

Managerialism in the Australian Government

Corporatism

The terms 'managerialism', 'corporatism', and several variants have become crucial to analysis and debate in public policy in Australia and the major English speaking democracies in the 1980s and 1990s, despite considerable imprecision of meaning. The term corporate managerialism has come to dominate policy discourse, despite uncertainty about the extent to which various activities are properly characterised as managerialist.

One cause of confusion is that the term, 'corporatist' is used with two entirely different connotations. In one usage it refers to government inclusion of the major interests of society, especially the peak bodies representing capital and labour, within the public decision making framework. In the second, more closely related to the concept of managerialism, the term refers to the management of government agencies as if they were part of the private sector.

The first meaning of corporatist government separates the Hawke and Keating Governments in Australia from those, such as the Thatcher and Major Governments in the United Kingdom, and both Labour and National Governments in New Zealand, which derived their orientation more directly from the market oriented philosophies ofwhat was often referred to as the new right. This element of corporatism in Australian public policy owed more to the experience of Western Europe, where

> powerful sectoral groups, such as trade unions and business, can be drawn in, or incorporated into, policy coordination. In the OECD, a trend has been observed in countries such as Sweden, Norway and Austria whereby business and labour combine with government to form a partnership of one type or another to manage economic and social policy. (Boreham, 1990, 42)

Corporatism is this sense ran counter to other, more libertarian elements of managerialism and economic rationalism, which preferred to use market forces as the driving instrument of public policy. However, although New Right ideologues regard corporatist and market approaches as antithetical, as Head pointed out,

> the economic rationalists in the Hawke Cabinet ...believe it is possible to reconcile certain aspects of these two approaches, in order to achieve their overall objectives of economic growth and industrial harmony. (Head, 1989, 499)

One economic rationalist Minister who clearly perceived the nature of the conundrum was John Dawkins, who saw the need to limit intrusion of interest groups into policy making as one of the greatest challenges to the future of democracy.

> How do we reassert the primacy of the elected government at a time when some non-elected interest groups are claiming a virtual veto in major areas of public policy? (Dawkins, 1990, 8)

Even so, he argued,

> in the short term, our most useful technique for thrashing out agreement is that embodied in the process of consensus - something which Australia has elevated to an art form. (Dawkins, 1990, 8)

The inclusive corporatism which marked the early years of the Hawke administration may appropriately be classified as corporatism as response to crisis, which refers to the means by which democratic political systems seek to accommodate periods of economic and social difficulty (Gerritsen, 1986, 47). As Gerritsen argued,

> The Hawke Labor government's policy mechanisms derive from the experience and perceptions of the 1970s. That experience embodied the twin "crises' of the failure of the Whitlam government and the overturning of the Keynsian orthodoxy upon which Labor policy-making was then predicated. (Gerritsen, 1986, 47)

Corporatism of this form derived largely from the experience of the Economic Summit which was central to Hawke's initial policy orientation (Hawke, 1994, 131-132). While this approach later became in some degree marginalised as the government increasingly adopted the Treasury view that the power of market forces rendered planning mechanisms superfluous (Boreham, 1990, 45) it remained important in education policy for a variety of reasons.

One factor supporting the corporatist approach in education was the existence of corporatist institutions of which the Economic Planning Advisory Council (EPAC) was the most significant. EPAC was created to continue the work of the 1983 Economic Summit but was soon converted largely into a research arm of government. In that capacity, however, it provided an important vehicle for raising issues on the economic rationalist agenda and education and vocational education policy received their share of attention (see EPAC 1986; Dawkins, 1989; EPAC, 1990; EPAC, 1992; EPAC, 1993; Ross, 1993).

Corporatism in this sense also retained its relevance to education policy because John Dawkins valued the approach both at a theoretical level (Dawkins, 1985, 69) and through the pressure which could be brought to bear on educational providers through the industry parties. Lingard, O'Brien and Knight argue that corporatism in fact provided a game plan by which the Commonwealth could assert a dominant position over the States in respect of education policy because of its national economic management responsibilities (Lingard, O'Brien and Knight, 1993, 231).

In relation to TAFE and vocational education, this strategy was applied with vigour, through the creation of advisory bodies like the Employment and Skills Formation Council (ESFC). The ESFC replaced the TAFE Council of CTEC, which meant that a body in which business and union representatives were balanced by representatives of State TAFE systems was replaced by one from which State TAFE representation was excluded.

The Managerialist Ethic

While corporatism in the sense of policy making in consultation with the industry parties remained an important element of the corporate managerialist approach, the

core managerialist ethic which came to dominate the Commonwealth policy and many State central agencies was a more austere doctrine, in which the key element was the concept that public services could as a rule be more efficiently performed by the adoption of market techniques, either through the privatisation of services, or through the creation of markets for services in place of public provision, or at least through the management of government agencies as if they were private corporations.

While the term 'managerialism' is not easy to define, there is a good deal of agreement between advocates and critics on what it entails. Senior Victorian public servant Patterson, an important defender of managerialism in the public administration literature, agreed with critic Considine (Considine, 1988) that

> the new phenomena can be regarded as 'changes in the technology of power rather than major paradigm shifts'. (Patterson, 1988, 287)

Similarly, Yeatman's view that

> corporate managerialism is the replacement of public policy objectives couched in terms of social goods by public policy objectives couched in terms of economic goods, (Marginson, 1993, 57)

accords with Patterson's comment that

> Most of the daily work of the modern public sector involves not administrative discretion but the production of goods and services. (Patterson, 1988, 289)

Marginson described several characteristics of the managerialist approach, including strong central control associated with devolved responsibility for operations; separation of policy making from the devolved operations; focus on outputs; market style competition, distribution and exchange; and closer management and measurement of outputs and performance (Marginson, 1993, 57).

Within the framework of managerialism, a shift to market forces for the provision of government services has fundamental attractions.

> The typical strategy of economic rationalisation is the privatisation and commercialisation of public sector activities. In one stroke this reduces the role of government and opens up new terrain to market activities and private interests. The next best strategy to the creation of markets is the simulation of markets within the public sector. (Marginson, 1993, 57)

It is noteworthy that in developing its policy in vocational education, the Commonwealth followed simultaneously two paths: the relatively traditional contestation for power between rival federal and State agencies, in which managerialist arguments focused on resolving issues such as duplication and overlap (EPAC, 1990); and a more radical strand, first documented in the 1990 Deveson Report (Deveson, 1990), in which the application of market and quasi-market techniques would in fact eliminate many of the traditional areas of policy dispute.

The essence of market based managerialism is the redefinition of the recipient of public services from citizen to consumer and the further refinement of the concept of consumer from the comprehensive - the general public -to a smaller grouping of those entitled to enter the market in question.

Pollitt illustrated the first issue by examining one of the key texts in the international managerialist movement, the British *Citizen's Charter*. As he pointed out, the use of the term "citizen" is a considerable misnomer, because the relevant White Papers refer to parents, patients, jobseekers and customers, not to citizens (Pollitt, 1994, 171).

> To be a consumer is to hold a particular position in a network of market relations. To be a citizen is to be a member of a political community, a much richer concept embracing a much wider range of potential relationships. (Pollitt, 1994, 171)

Moreover, as Sharp and Talbot have argued, the move to a market-based conceptualisation of government frequently involves a redefinition and narrowing of the eligible client base, the market segment being targeted (Sharp and Talbot, 1994, 3). Sharp and Talbot give the example of the Commonwealth Rehabilitation Service, which when reformed on market lines, changed its client eligibility from all persons requiring rehabilitation to those with compensation benefits who were able to reimburse costs (Sharp and Talbot, 1994, 3).

A similar or even more marked change occurred in vocational education from 1987 in order to eliminate the open access ideology which remained from the Whitlam era. In this case, the corporatist identification of the peak union and business bodies as dominant stakeholders and the use of the rhetoric of economic reconstruction as the metapolicy of the Hawke government permitted the redefinition of the TAFE and vocational education client base away from the general body of citizens towards a narrower group whose training was endorsed by selected industry representatives as 'industry relevant' (Goozee, 1995, 185-186).

Eventually, the managerialist concept of 'user pays' was itself reinterpreted as 'user choice', a policy in which public funds previously directed to public training agencies were redirected to corporations, for the purchase of training within a training market - a market which had scarcely existed before public funds were dispersed in this fashion (Ryan, 1995, 16).

Applying Managerialist Principles

While there is no simple, single definition of managerialism or economic rationalism, its intellectual origins in a strand of thinking which became characterised as the 'New Right' in most English speaking countries are clear. In many ways the arguments of the New Right can be traced to an intellectual division in classical eighteenth century liberalism, after which concern for the rights of individuals took two separate paths.

One current of thought developed through the philosophy of Mill and Keynes into an acceptance of the Welfare State ideal, itself largely developed for purely pragmatic reasons in Bismark's Prussia. A second strand, through Adam Smith, John Hume and Herbert Spencer, stressed the rights of the individual in such a way that the State was seen as the enemy of individual liberty (Marginson, 1993, 58-60; Ryan, 1995, 20).

During the modern post-war era, the defence of the individual from the State was taken up by writers such as Hayek and Friedman, who saw a minimalist State and the use of apparently impersonal market forces as a necessary guarantor of liberty (Marginson, 1993, 60-61). Economic rationalists in government have been particularly influenced by modern Public Choice theory, developed in the 1970s by Nobel Laureate in economics, James Buchanan. Public Choice theory treats social and political processes as if they were economic and argues that economic analysis is the appropriate methodology for analysing all other forms of social action.

In Public Choice theory, all choices are individual choices and the possibility of a public interest is not accepted. The growth of government is attributed solely to the self-interest of public employees and to the capture of regulatory bodies by their clients (Marginson, 1992, 52-55). Public choice theory leads to a distrust of expertise, because those deeply involved in an area of government activity are held to be always defending self-interest against community good.

The influence of Public Choice theory was evident in the writings and public statements of some leading proponents of managerialism in Australia, notably Hawke government Finance Minister Peter Walsh (Walsh, 1995, 75, note 1).

While such an orientation is less directly obvious in statements from Minister Dawkins - except for complaints about the defensive nature of resistance to his proposals (eg Dawkins, 1989, 67) - there appears to be a strong inference available from his actions to suggest a similar outlook.

Public Choice theory and managerialism start from different premises but are linked by policies aimed at making public services perform like business corporations.

> The movement has operated from the premise that, as they become more aware of their objectives and running costs, individual public service managers will make more imaginative decisions about the types of projects they embrace and will get more value for money out of their resources. (Campbell and Halligan, 1992, 130)

Campbell and Halligan argued that the reform effort in Australia involved the pursuit of managerialism within a public choice framework, while noting the sometimes delicate nature of the balancing act required (Campbell and Halligan, 1992, 130).

In practice, the implementation of managerialism in Australia began with measures of bureaucratic reform, most notably in financial management. Partly this arose from a simple desire to shrink the size of the Federal Government, which in fact was reduced from 31.1 per cent of GDP to 28.9 per cent during the course of the 1980s (Zifcak, 1994, 18). Two major early initiatives were the Financial Management Improvement Program (FMIP) (1984) and the government's discussion paper on Statutory Authorities and Government Business Enterprises (1986).

FMIP was modelled on a similar reform by the Thatcher government in the United Kingdom and involved a range of measures including program budgeting, objective setting, the establishment of performance indicators, single line budgeting and portfolio budgeting. It was driven by the dictate to let the managers manage and led to the idea that continuous productivity dividends should be required from agency budgets (Zifcak, 1994, 67).

While the major consequences of FMIP and subsequent managerialist initiatives for education did not impact strongly until the machinery of government changes of July 1987, a new environment was created in which objectives of Commonwealth grants were subjected to greater scrutiny from a whole-of-government perspective. The procedure of 'arms-length' financial recommendations followed by the education statutory commissions had a limited life expectancy in this environment and were, in any case, at risk from a second managerialist initiative.

This was the 1986 White Paper *Statutory Authorities and Government Business Enterprises.* This statement argued that much more sparing use should be made of statutory corporations in Commonwealth administration, since government departments have the advantage of making the Minister directly responsible for the effectiveness and efficiency of administration and also of saving costs through the use of established administrations and procedures (Williams, 1988, 2).

In this climate it was not surprising that the Schools and Tertiary Education Commissions were abolished, although as Williams pointed out, what is more remarkable in a Commonwealth-State relations context is the manner in which universities were treated in the White Paper as if they were Commonwealth statutory business enterprises, rather than State statutory authorities (Williams, 1988, 7).

While it was more difficult to apply such a formula to the State Ministerial portfolios which administered TAFE Colleges, the use of Resource Agreements as the basis for

Commonwealth grants to State Education and TAFE agencies allowed a managerialist, commercial-contract style of administration to replace the shared objectives, joint planning administrative style of CTEC and the TAFE Council.

Machinery of Government Changes

Even more significant applications of managerialist administrative theory were to follow from the machinery of government changes of 14 July, 1987. During the 1987 election campaign the Liberal opposition had announced its intention, if it gained office, of developing a two tiered Cabinet structure. After its third election victory, the Hawke Government adopted this proposal, resulting in widespread administrative reorganisation.

The third Hawke Ministry was divided into two grades of Ministers, with a senior Minister, who represented an agency in cabinet, supervising one or more junior Ministers within a greatly expanded portfolio. To effect this change, the number of federal departments was consolidated from 28 to 16. The Public Service Board was abolished in these changes to be replaced by a more restricted Merit Protection Commission. The role of efficiency scrutiny, which had been directed from a Unit in the Prime Minister's Department, was devolved to agencies (Nethercote, 1988, 12).

The diminution of the roles of the Public Service Board and the Efficiency Scrutiny Unit did not mean any lessening of central agency control. Not only had the position of the Department of Finance been strengthened by the FMIP and related initiatives and by its function of servicing Cabinet's crucial Expenditure Review Committee, the central agencies dominated the new managerialist administrative structure through its driving force, the Management Advisory Board (MAB) and associated Management Improvement Advisory Committee (MIAC). MAB/MIAC in a series of papers recast basic notions of accountability in government (Sharp, 1995, 1-4).

Central Agencies and Line Managers

The shift of power to central agencies was accelerated by linking the MAB to the Department of the Prime Minister and Cabinet.

> From 1987, as both Secretary to the Department of Prime Minister and Cabinet and chairperson of the new Management Advisory Board, Mike Codd was in a commanding position to influence the management of the Australian public service...the redistribution of power among the central agencies was to be important for the development of new mechanisms for managing change. (Campbell and Halligan, 1992, 169)

Moreover, central agencies extended their influence by providing much of the senior personnel for reorganised line departments, carrying the gospel of the new managerialism (or 'rational management' [Zifcak, 1994, 2]) to their new departments. Departmental mergers and organisational restructuring provided an opportunity for ideological vetting, as positions were declared vacant and previous incumbents, in applying for what were effectively their previous jobs, needed to demonstrate enthusiasm for the new vision before selection committees.

In the changes which occurred within the federal bureaucracy after July 1987, it was clear that a certain type of managerial attitude was now required for success in line departments -a style which had previously gained dominance in central agencies.

> The favouring of this mix of generalist manager, economic rationalist and central agency can-doer possibly had the greatest impact on the policy specialists in line departments. The top management of departments has been displaced by persons

> without a background in or commitment to their policy concerns. (Campbell and Halligan, 1992,183-184)

Minister Dawkins had played an important role, in both the Public Service Matters and Finance portfolios, in introducing the Hawke Government's managerialist initiatives. The mega-portfolio of Employment, Education and Training he accepted in July 1987 was in many ways a paradigm of the changes managerialist perspectives had wrought in the federal administration. The appointment of a micro-economist, Dr Vince Fitzgerald, as Departmental Secretary, was indicative of the changes intended.

One of the senior public servants interviewed by Campbell and Halligan in their study of economic rationalism in the federal administration chose Education as his model of the cultural changes which occurred after 1987.

> A department like the old Education Department may have been regarded as a sleepy hollow run by a bunch of ex-teachers and very nice people at the top. But education suddenly became the focus of Commonwealth government policy and (was) amalgamated with another department and became the super portfolio of Employment, Education and Training. It is suddenly a major focus of government action and government wanted people who were going to give effect to those policies and the people who were there in the past, while competent, didn't fit with this brave new world and so the shakers were brought in, all the best of the lower ranks moved up quickly. (Campbell and Halligan, 1992,184)

The new super Department of Employment, Education and Training (DEET) exemplified many of the effects of the July machinery of government reforms.

The Employment elements extracted from the former Department of Employment and Industrial Relations (DEIR had been gradually evolving a different policy stance on vocational education and training from the education agencies since the 1970s. DEIR's submission to the Inquiry into TAFE funding had rejected the key tenets of the Kangan era institutions with vigour and in colourful language (DEIR, 1984).

The merger of a large part of DEIR with the 'sleepy hollow' of education illustrated the problems which occurred in many portfolios.

> The process of integration has been prolonged and difficult. Achieving good working relationships between areas that previously all too often worked against, rather than with one another, has taken diplomatic handling. (Hamilton, 1990, 66)

Within DEET, there was little prospect that the Kangan era ideals of vocational education for personal growth, open access and social equity would remain the dominant ideological theme, although social justice rhetoric remained important. Instrumentalism was a fundamental feature of the managerialist revolution (Campbell and Halligan, 1992, 183) and in education this was reinforced by the perception of economic crisis which gave rise to the machinery of government changes.

Moreover, Minister Dawkins had emphasised instrumental values in education as Opposition Shadow Minister (Dawkins and Costello, 1983) and had, from his earliest involvement in public sector reform, stressed the importance of managerial change in buttressing ministerial control of agencies (Dawkins, 1985). From July 1987, the views of an activist and interventionist Minister, and a managerialist organisational culture largely based on the DEIR elements of the merged Department, became the driving forces of vocational education policy.

The New Vocationalism

Australians have always perceived an important economic role for education. Not surprisingly, vocational education and the TAFE sector are seen as the area of

education which sits most comfortably with economic goals both for society and for the individual student. TAFE authorities have always stressed the economic value of the education they offer.

On the other hand, there has usually been a widespread community acceptance that all forms of education have more to offer than immediate economic advantage. In vocational education, there has been a recurring theme that the individuals and the social classes served by technical education could and should have their intellectual horizons and personal ambitions lifted by the experience.

Murray Smith pointed out in his study of the nineteenth century origins of technical education that, despite a rhetoric of international economic competition similar to that of the 1980s, the creation of the colonial institutions of the previous century was part of the spirit of colonial liberalism, a gesture to the ideal of a homogeneous, open society (Murray Smith, 1971, 314). As the Fink Royal Commission put it in 1901, technical education could

> add interest to an occupation by cultivating intelligence in regard to it. (Anchen, 1956, 45)

In many ways the successor to this liberal view of vocational education could be found in the Whitlam government and the institutions of the Kangan era. The Kangan Committee took a broad view of the role of vocational education:

> In the development of the individual, account must be taken of total needs which include those of being a citizen at work, at home and in the community at large. (Kangan, 1974, xxxii)

The philosophy of the Kangan period survived the Fraser and early Hawke governments although, as argued earlier, the increasing intractability of youth unemployment placed increasing strains on the established consensus. After the banana republic crisis of 1986 and the governmental reforms of 1987, the whole Kangan world view was swept aside in a flood of policy and institutional innovation.

This period experienced

> a quite remarkable ideological eruption which saw a swing away from what could loosely be described as the Kangan, student centred 'culture of access' to the industry- and employer-centred culture of the 'new vocationalism'. (Ahearn, 1993, 14)

Stokes and Edmonds have argued that the instrumentalism espoused by Minister Dawkins was consistent with a lengthy Labor tradition in education, exemplified in the Labor governments of the Second World War and post-war era and the later stages of the Whitlam administration (Stokes and Edmonds, 1990, 6). Certainly, Minister Dawkins had been consistent in his views from his time as Opposition spokesperson on education.

Immediately before assuming office, Dawkins had set out what he believed should be the two principal educational objectives of a Labor Government.

> The need to take control of our own economic life in the 1980s intersects with another great need of the 1980s. This is to give effect to Labor's vision of Australia as a just and equal society. (Dawkins and Costello, 1983, 68)

In his contribution to *Labor Essays* for 1983, Dawkins also gave a clear message that his relations with the States in education would be centralist and directive (Dawkins and Costello, 1983, 68). There was already a distinct flavour of managerialist administration, involving a

> new form of public accountability, whereby the effects of each of the funding partners can be measured against the agreed objectives. (Dawkins and Costello, 1983, 76)

Soon after assuming office as Minister of Employment, Education and Training in July 1987, Dawkins began work on a series of discussion papers setting out the new agenda - papers in which the Minister had, according to officials, a more pronounced input than had previously occurred (interview, Fooks, Canberra, 28/9/95). These early papers, the Schools Commission's last major publication, *In the National Interest, (1987)* and the Ministerial Papers *Skills for Australia (1987)* and *Strengthening Australia's Schools (1988)* meant that

> pressure on post-compulsory education to reshape within the framework of the Commonwealth government's economic goals [was] relentless. (Collins, 1992, 258)

While critics argued that Dawkins' approach was an attempt to apply human capital theory to education (eg Blackmore, 1990, 180), in fact Dawkins had followed the debate during the 1980s within the Organisation for Economic Cooperation and Development (OECD), a debate which had been characterised by a loss of faith in human capital theory and a search for a more active policy linkage between economics and education (Sweet, 1989, 134). This search was itself spurred by the agenda for micro-economic reform being developed concurrently by the OECD, notably in its paper *Structural Adjustment and Economic Performance* in 1987 (Carroll and Painter, 1995, 4).

The debate within the OECD took the form of a series of international studies throughout the decade which developed a case for a more direct nexus relating vocational education and training, industrial organisation and the effects of new technology. These studies led to a new orthodoxy which sought a closer integration of vocational and general education, a better focus on skill development in the workplace and on links between work and education, a focus on retraining the existing workforce, and a focus on interactions between technology, work organisation and skill formation (Sweet, 1989, 136).

As Sweet pointed out, these new ideas made little impact in Australia until the report of the ACTU overseas mission *Australia Reconstructed* in 1987, a mission organised by Dawkins as Minister for Trade in 1986. Dawkins' involvement in international debate was significant enough for him to be appointed Chair of the crucial OECD Conference on Education and the Economy in Paris in March 1988, at which the new thinking was endorsed by member states (Sweet, 1989, 136).

The nature of the new orthodoxy was such that the corporatist element in the government's economic rationalism could be given full sway, with key union and business leaders recruited in support.

> The increasing instrumental emphasis of curriculum meeting national economic priorities changed the interest groups that seek to influence curriculum decision-making. Groups such as the Business Council of Australia, the Chamber of Manufacturers, and the Confederation of Australian Industry are directing their attention towards curriculum policies. (Braithwaite, 1994, 549)

The involvement of union leaders, especially Laurie Carmichael, Assistant Secretary of the Australian Council of Trade Unions, was even more crucial. Carmichael provided strong support for Dawkins within the union movement. The other side of the coin was the close linkage of training policy to industrial relations policy, especially to the goals of award restructuring.

Federal/State Relations Under Managerialism

The managerialist revolution of the mid-1980s carried significant implications for Federal-State relations.

Managerialism and Economic Reform

In part this had a theoretical and ideological basis, especially where public choice theory drove policy actors. Public choice and other market-oriented perpectives fit more comfortably with a concurrent, competitive vision of federalism than with a coordinate view. In this approach, the desire for simplicity in Federal-State arrangements is a misconceived goal, competition, duplication and overlap are to be preferred.

> Although untidy, such arrangements might be more appropriate mechanisms for accommodating multiple values, encouraging bargaining, facilitating participation and adaptability, and imposing constraints on the exercise of power. (Galligan, Hughes and Walsh, 1991, 19)

At a more pragmatic level, initiatives in Federal-State relations were necessary if each level of government were to be able to progress their own managerialist agendas. Thus, Prime Minister Hawke in announcing his Special Premiers' Conference proposal in July 1990 gave a clearly managerialist statement of objectives.

> The goals were to improve national efficiency and international competitiveness and to improve the delivery and quality of the services provided by government. (Wiltshire, 1992, 165)

Similarly, the State leaders who cooperated in the SPC process, notably Premier Greiner of New South Wales, used explicitly managerialist language to justify their approach (Fletcher and Walsh, 1991, 12-13). Neither party could achieve its goals without the cooperation of the other, so that

> Intergovernmental managerialism became a vital concern. (Fletcher & Walsh, 1991, 21)

Other factors contributed to the growing importance of intergovernmental relations as an arena for the implementation of managerialist initiatives. One was the fact that Australian managerialism had a corporatist, as well as a corporate, face. This became especially important in education policy, where corporatism allowed the Commonwealth to invite sympathetic non-government participants to enter the field of policy making, broadening the active policy community.

Lingard, O'Brien and Knight argued, for example, that Minister Dawkins strove to make his planned schools reforms part of a wider microeconomic agenda, in order to increase Commonwealth leverage.

> The particular genius of this approach was the extension of Hawke Labor's neocorporatist strategies of coopting and incorporating key private sector groups (unions, industry) in the processes of policy formulation to the field of commonwealth-state relations....corporate federalism was the major Dawkins strategy for increasing commonwealth influence over policy formulation for Australian schools. (Lingard, O'Brien and Knight, 1993, 231)

This approach was adopted with equal vigour in VET policy, for example through the use of business figures to head two joint government enquiries (Deveson, 1990 and Finn, 1991) and through the presence of business and union representatives on the Commonwealth-State Officials' Group responsible for national VET policy (the Vocational Education, Employment and Training Advisory Committee [VEETAC], responsible to the Ministers of Vocational Education, Employment and Training [MOVEET]).

A second factor was the strength of managerialism in central agencies. The central agencies of government, Prime Minister's and Premiers' Departments, Treasuries and, where they survived, Public Service Commissions, sought to extend their authority over the line departments, such as Health and Education, which had previously managed functional aspects of Commonwealth-State relations (Fletcher and Walsh, 1992, 607).

Overall, the conjunction of managerialism and the rhetoric of economic crisis and reform brought the institutions of federalism and their functioning to the forefront of public debate. Federalism was no longer an obscure concern of academics and constitutional lawyers, but a key practical issue in economic reform.

Managerialism at State Level

A study of State public administrations in 1987 argued that

> An administrative revolution occurred in Australian State governments in the 1970s and 1980s. We have to go back to the decades around the turn of the century to find a comparable era of change. (Painter, 1987, 1)

While the reforms emphasised, as did those of the Federal Government, improvements to financial accountability, State administrative machinery and the role of government business enterprises, the result was a significant change in power balances within State bureaucracies.

> 'Managerialism' invaded the State public services under such banners as corporate planning, accountable management and program budgeting. New centres of power supplanted the old, with new or greatly expanded premiers' departments taking over many of the central managerial tasks formerly conducted (in very different fashion) by treasuries or public service boards. (Painter, 1987, 1)

Managerialist initiatives can be detected in most States during the 1980s, introduced initially as what was claimed to be sound management, but accelerated by the failures of State economic initiatives and enterprises, especially in Victoria, South Australia and Western Australia. In New South Wales, on the other hand, managerialism was created by the Greiner Liberal Government as a deliberate strategy of microeconomic reform, based on the same perception of global economic competition as adopted by the Commonwealth Labor government (Galligan, 1993, 180; Greiner, 1992, 4).

Greiner's view of the march of globalism took on almost apocalyptic proportions:

> There is a new market emerging within the international economy. It has been created by the revolution in transport and communications technology. It has arisen as a response to the rapidly growing international mobility of labour and capital....The market of which I speak is an international market for smaller, more efficient government. (Greiner, 1992, 1)

Greiner's outlook made him an enthusiast for managerialist initiatives in his own government and a crucial collaborator with Prime Minister Hawke in the SPC process to reform Federal-State relations (Fletcher and Walsh, 1991, 11). In the initial period of his government, his keenest collaborator in microeconomic reform was Education Minister, Dr Terry Metherell, and the education portfolio became the focus of concerted restructuring.

The 1989 Scott review of TAFE in New South Wales could be taken as the paradigm of managerialism applied to education, a model in which education was seen as an industry and the TAFE system described as a "training enterprise", with colleges labelled "points of sale" (Scott, 1989, 16). The Scott Report specifically rejected TAFE's previous commitment to open access as an attempt at being 'all things to all people' and as 'disguised welfare'. The TAFE system was also criticised for having

pursued 'individual skill requirements' at the expense of workplace relevance (Scott, 1989, 12-13).

According to Kell, under the Metherell reforms education

> became synonymous with a discourse associated with managerial concepts, and educational administrators were encouraged to mimic the behaviour and values of the corporate sector. (Kell, 1993, 217)

However, the replacement of Metherell as Education and Training Minister by John Fahey (subsequently State Premier during the period of the Commonwealth's attempted take-over of TAFE) led to a second restructuring within a year of the first, to the extent that the Scott, author of the original review, publicly disassociated himself from the outcome (Goozee, 1995, 140).

According to the Deputy Managing Director of the NSW TAFE Commission, Fahey's experience of an unrealistic version of managerialist reform in the Scott Report influenced his later attitudes to proposals for reform within the sector, including Dawkins' take-over proposal (interview, Woodburne, 13 February 1996).

Other States were to follow New South Wales in adopting managerialist approaches to their school and TAFE systems, although in most cases major restructurings were delayed until the 1990s (Goozee, 1995, 167-171). Victoria, though, acted more quickly. From 1986, following a major restructuring of the education portfolio,

> a shift in policy [was observable] emanating from a revamped 'lean and mean' Ministry of Education as staff at the centre have been relocated to schools, the director has become executive manager, principals are perceived as line managers and regional directors have become regional managers. (Blackmore, 1991, 59)

The administration of TAFE in Victoria was restructured, with a major change occurring in November 1987, when the Victorian government followed the example of its Canberra counterpart by merging the TAFE administration with elements of the State Department of Labour and the Industry Training Commission. The new organisation became the Office of the State Training Board, the Board itself being a business dominated body chaired by the Managing Director of Nissan Australia, Ivan Deveson (Goozee, 1995, 128-129).

The State Training Board in Victoria (later renamed the Office of Training and Further Education) became the strongest advocate among State TAFE administrations of the use of market forces in vocational education. It was the first State agency to use public funding to encourage a training market in industry and the private training sector and to allocate funding to TAFE colleges on demonstrated industry responsiveness and lowest-cost criteria (Allen Consulting Group, 1994, 53).

The adoption of a substantial degree of managerialist and economic rationalist philosophy in the two largest States, and the continuing influence of these ideologies in all States, provided an environment in which new forms of Federal-State cooperation and institutional arrangements could be framed and in some measure accepted. As events unfolded, however, it became clear that there remained limits to intergovernmental co-operation even within a shared framework of managerialism and economic rationalism.

Mangerialism as Dominant Cultural Discourse

The mix of theoretical and pragmatic policy reforms described here as corporate managerialism, involving economic rationalism, monetarist economic policy, rational management, and public choice theory, constituted a relatively coherent body of

thought generally grouped under the heading of the 'New Right'. This body of thought has become the dominant public policy discourse of most English-speaking democracies since the 1980s.

Despite its association with avowedly conservative governments such as the Thatcher Administration in the United Kingdom and the Reagan Presidency in the United States, most of the key features of new right' thinking were adopted wholly or partially by Labor Governments in New Zealand and Australia in the 1980s, as a response to real or perceived failings of Keynesian economic management and the welfare state.

> Economic rationalism, the Australian variant of New Right thinking, stepped into the space vacated by welfare statism...the impetus was such that, despite the differing complexions of the Thatcher and Hawke governments, the content of their admini-strative reform programmes tended, over time, to converge. (Zifcak, 1994, 154-155)

The managerialist and economic rationalist ideology of the 1980s may be contrasted with the nation-building ethos of the late nineteeth and early twentieth century, in which the principal concern of the dominant policy communities lay in building the institutions of the State, including the centralised technical education bureaucracies which were specifically created to build national strength in the face of global competition.

Equally, the experience of the 1980s may be contrasted with the dominant ideology of community action and social progress which informed the policies of the Whitlam government and, in vocational education, created the Kangan institutions, such as CTEC and the TAFE Council, with a policy commitment to individual and social progress.

Pusey has argued that the ideological shift within government which was marked by the rise of managerialism and economic rationalism represented a tectonic disturbance in the fundamentals of Australian society and views about the purpose and functions of government. Pusey's case is that the Commonwealth public service previously saw its role in public policy as nation building. Economic development was seen as an active partnership between government and industry. Economic goals were pursued within a broader social policy framework (Pusey, 1991; Marginson, 1993, 55). Pusey cites the 'colonisation of the whole education function...by the central agency economic rationalists and their ministers' (Pusey, 1991, 148) as a prime example of the turn away from nation-building and from social progress ideologies.

Pusey's work, involving an examination of the social and educational backgrounds of senior Commonwealth officials, has been questioned by a number of critics, who believe his methodology overstates the dominance of the economic rationalists (Davis, Wanna, Warhurst, and Weller, 1993, 33). However, even critics like Davis and his collaborators detect a significant change from earlier, post-war attitudes to the role of government.

Research by Campbell and Halligan, which also cast doubt on the extent of rationalist dominance suggested by Pusey's statistical data, nevertheless indicated a significant change in attitudes within senior levels of government.

> Despite the Pusey statistics which tend to inflate the incidence of economic rationalists, our interviews...revealed a plurality of positions. The views of central agency executives varied widely and contrasted with those of their line counterparts. There was, however, no doubting the overriding influence of the economic rationalist or the recognition of executives that they were operating during a period of financial constraint. (Campbell and Halligan, 1992, 28)

> We found among our respondents a strong belief that a new breed of minister had emerged - one that understood economics. The strategic positioning of this group dovetailed with developments in the permanent public service which resulted in economists assuming the leadership and other key roles in central agencies and line departments alike. (Campbell and Halligan, 1992, 26)

The evidence for a significant paradigm shift amongst Ministers and senior officials at Commonwealth Government level seems overwhelming and is accepted by supporters and opponents alike. What is especially important in a study of the managing institutions of the vocational education and training sector, institutions which are positioned in the contested territory between federal and State governments, is the extent to which managerialist and economic rationalist assumptions were shared by significant policy communities at State level as well, especially in the State central agencies.

Conclusion

Vocational education was an area in which both State and Federal governments had, by the later 1980s, come to have significant financial and policy investments. These investments had developed a national dimension through more than a decade's operation of national managing and coordinating institutions, CTEC and the TAFE Council. This institutional structure embodied a delicate but stable balance of power sharing between Commonwealth and States.

The abolition of these Kangan era structures in 1987 reopened fundamental questions of Federal-State power sharing in vocational education policy. The dominance of managerialist culture at both State and Federal levels, and the increasingly urgent rhetoric of microeconomic reform, made it certain that the new balance of power would be established in managerialist terms. What was uncertain was the institutional form this balance would take, and the degree to which the balance between Federal and State partners would be altered.

Some initiatives at this time were simply Commonwealth-centralist in the old sense. These included the abolition of CTEC, the establishment of new advisory structures (NBEET and ESFC) which excluded States, the restructuring of financial grants into contract-like Resource Agreements, and the abandonment of the Whitlam government's Fees Abolition Agreement. Others, such as the establishment of the National Organisation for Overseas Skill Recognition (NOOSR), were developed by the Commonwealth but structured to permit a degree of State participation.

A series of initiatives, however, was genuinely federalist. These included joint Commonwealth and State Committees of Inquiry (the Deveson Committee and the Finn Committee), the establishment of a new joint Ministerial Council (MOVEET) and supporting Officials' Group (VEETAC), and a joint body to drive the training reform agenda, the National Training Board (NTB), created as a public company with all jurisdictions as shareholders.

Managerialism had created a policy window both for experiments in Federal-State relations and for innovations in vocational education policy. The evolution of VET policy during the period 1987 to 1992 tested the potential and the limitations of this new environment.

4

Setting the Agenda

Introduction

This chapter describes a series of significant policy settings and debates in vocational education which emerged in the years 1987 to 1990, the period during which the impact of managerialist values, represented by the machinery of government changes of July 1987, began to be first felt in vocational education and training policy.

In terms of the analytical framework adopted in the study, the acceptance of the value system of corporate managerialism as the foundation of public policy making, marked the development of a new policy alignment and provided scope for a policy entrepreneur to undertake new policy initiatives.

Even so, the importance of the period lies less in its policy innovations than in its agenda setting. In the Cobb and Elder formulation, Minister Dawkins was an 'exploiter' who sought to create an issue in pursuit of his policy goals (Cobb and Elder, 1972, 82-84).

The developments of this time, which entered public discussion as the 'training reform agenda', (TRA) (Sweet, 1994; Lundberg, 1995) were important more for the way they mobilised political and policy support than for the policy innovations that were effected. The agenda setting was to a considerable degree the conscious activity of Minister Dawkins and his bureaucratic collaborators, who mobilised rhetoric and support around two broad themes:

1. the supposed incapacity of education, especially TAFE institutions, to respond adequately to the needs of industry; and
2. a projected expansion of demands on the education system, especially the vocational education system, far beyond the resources of State administrations to meet, based on estimates of the effects of award restructuring in industry and an expanded expectation of educational participation in the wider community.

This chapter examines the first stage of agenda setting through a series of interlocking government statements, in which the Minister set out his ideas for change, sometimes

simply as exhortation, in other cases backed by legislative, administrative or financial policy instruments.

Subsequently, as these vehicles exhausted their potential, resort was had to the time honoured process of establishing formal committees of inquiry as trigger devices. Two bodies, the Deveson review in 1990 and the Finn inquiry in 1991, proved decisive in changing the shape of debate on vocational education policy in Australia. These enquiries, and other elements of the second stage agenda focused on TAFE's capacity to meet projected demand, are reviewed in the next chapter.

In the first stage of agenda setting, the minister worked largely within the established framework of intergovernmental relations, although there were significant changes in institutional structures at Commonwealth level. The groundwork, however, was being laid for far-reaching changes in the balance of State and Federal power in vocational education.

Rebuilding Australia

Smart and Dudley's identification of three stages in the development of education policy in the 1980s selected 1987 as a critical turning period.

> The third Hawke government, the Dawkins era, marks the culmination of this new policy direction: the integration of education into economic productivity. It has been reflected in such policies as the abolition of the statutory education commissions and absorption of their functions into DEET and the strong emphasis on skills training, vocationalism and 'user pays' policies in higher education. (Smart & Dudley, 1990, 207)

The 1986 balance of payments crisis totally altered the Government's perception of how far it had travelled on the path of economic reform. According to then Treasurer Keating, 1986 was the time the government lost control of the political agenda. From that point, it had to begin a new and more intensive process of economic reform (Edwards, 1996, 287).

The corporatist, consensus building politics of the first half of the decade, emphasising macro-economic measures to bring about a low inflation recovery from recession, were now transformed into an instrument for micro-economic structural reform. As Kelly put it,

> At this point the Hawke consensus...assumed a new and unexpected role: to facilitate the transition to a more competitive economy. (Kelly, 1992, 271)

According to the head of Prime Minister's Department, the focus swung sharply to labour market and training issues, in accordance with the Accord which had been developed between the Government and the union movement.

> This focus on structural reform linked to improved competitiveness represented a step beyond the themes of the original Accord. In particular, there was a new emphasis on improvements in work practices and in levels of training. (Keating and Dixon, 1989, 25)

This suited the outlook of Minister Dawkins, who in Opposition had developed an education policy for the Labor Party which supplemented social and equity concerns with a strong interest in the economic and industrial value of education (Dawkins and Costello, 1983). Many critics have argued that the latter goals became the prime objective of policy at the expense of the broader purposes of education (eg Kell, 1993, 215; Ahearn, 1993, 14; Karmel, 1995, 44).

TAFE and Higher Education: A Diversion

One diversion from the industry focus of the Dawkins reforms came early in his administration when his attention was turned to the restructuring of higher education. The fundamental argument of the higher education Green Paper was the perhaps overly simple proposition that Australians participated in higher education at a much lower rate than many other OECD countries (Dawkins, 1987, 9-12). However, participation figures looked significantly healthier if higher level TAFE course were included and a number of measures were suggested for the closer integration of TAFE with higher education.

This aspect of the Green Paper met with a lukewarm response from the TAFE sector, a matter of some disappointment to the Minister (Dawkins, 1989 4, 65). The Australian Conference of TAFE Directors pointed out that the Green Paper's proposed expansion of TAFE diploma level courses was already well underway and supported moves to improve articulation between the TAFE and higher sectors. However, they were doubtful about the use of their already inadequate facilities to host higher education courses and were strongly of the view that they did not wish to see emphasis placed on higher level courses at the expense of other provision (Goozee, 1995, 114; Ryan and Hardcastle, 1996, 239).

Dawkins' interest in casting TAFE in a supporting role to the universities was hard to reconcile with his overall industry-focused vision for the sector, and this focus on the higher levels of the TAFE sector disappeared from public statements after the publication of the Higher Education White Paper.

> The higher education White Paper effectively dropped the notion of TAFE as a cheap route to advanced training and in its place the Minister issued *Skills for Australia*, a document which tied TAFE firmly to a solution to Australia's international economic uncompetitiveness. The principal reforms now sought by the Minister were a substantial increase in the nations' stock of vocational skills, a much closer link between training priorities and labour market needs, an increase in the private sector's efforts in skill formation and increased productivity (with stricter evaluation) in the provision of training. (Ryan and Hardcastle, 1996, 240)

Australia Reconstructed

The idea that the Australian economy needed a fundamental restructuring, involving reskilling of the existing workforce and a greater emphasis on vocational education among those preparing to enter the workforce, had emerged some time prior to the balance of payments crisis. The Organisation for Economic Cooperation and Development (OECD) had for some years been looking at these issues. In 1984 an OECD conference *Competence and Cooperation* had taken a new look at the relation between vocational education and enterprise skill formation (Sweet, 1989) and in the period 1985 to 1987 a cross cultural study of productivity in the service industries continued the theme (Ford, 1988).

University of New South Wales Associate Professor Ford, an industrial relations specialist, had been involved in the latter study and enthusiastically presented its conclusions to audiences of Australian unionists, employer representatives, educators and government officials. The basic message concerned integration of policy at national, industry and enterprise levels.

Ford argued that

> The organisations which are successfully meeting the multidimensional challenges of internationalisation have... integrated innovations in technology, innovations in

> work organisation, innovations in skill formation and innovations in organisational participation. (Ford, 1988, 210)

However, these views became central to the Australian policy debate only after they had been adopted by the trade union movement in the report *Australia Reconstructed* (Sweet, 1989, 136). The production of this influential report was in no small measure a Dawkins initiative, since he as Trade Minister was responsible for dispatching the mission in 1986 and was still Trade Minister at the time of the report's publication in June 1987. *Australia Reconstructed* was in fact a joint report of the Australian Council of Trade Unions and the Trade Development Council, an agency within Dawkins' Trade portfolio (ACTU/TDC, 1987).

As Trade Minister, Dawkins claimed in the report's foreword that

> The contents of this Report reveal the deep commitment by the senior union participants involved to maintaining international competitiveness, to reducing the balance of payments constraint and to enhancing productivity through changes in management and work practices. (ACTU/TDC 1987,111)

Goozee described the report as seminal for the development of vocational education policy. As she pointed out, its

> emphasis on the needs of the labour market rather than the needs of the individual and the coining of the term 'skills formation' to replace TAFE and training, gave a strong indication of the new directions which were to be taken in applying economic rationalism to vocational education and training. (Goozee, 1995, 107)

The report itself made very little mention of the formal vocational education system and directed most of its criticisms towards industry's poor training record. However, it did argue that

> ...it is clear that the tertiary education system has to lift its game if Australia's skill base was to be improved. The most effective way of doing this is through forging closer links between education authorities and industry. (ACTU/TDC, 1987, 119)

There were two significant consequences to the ACTU/TDC Mission. One was the way the government, especially Minister Dawkins, used the mission as a 'coaching' tool to build support within the trade union constituency for vocational education policy changes which would previously have been unacceptable to that constituency. The second was the manner in which policy development in the industrial relations system would for a considerable time become the driving force of vocational education and training policy.

The overseas mission was led by influential ACTU Secretary Kelty, whose support for an extension of accord principles into industry restructuring was essential. More directly relevant to education and training policy was the presence of Laurie Carmichael, who participated in the mission as National Research Officer for the Amalgamated Metal Workers Union. Carmichael's role was important initially because of the pacesetting changes introduced into the metalworkers award during the process of award restructuring, but subsequently for his role as ACTU Assistant Secretary responsible for education and training policy.

Minister Dawkins thus began to emerge as a significant policy entrepreneur in vocational education even before receiving ministerial responsibility for the area. Dawkins was more easily associated with the managerialist rather than consensus seeking dimension of the government's policy approach (Kell, 1993, 217). He was known for an abrasive rather than a conciliatory personal style. Paul Keating's biographer, in a generally supportive account of Dawkins' appointment as Treasurer in 1991 refered to his

> uneasy, suspicious manner...he expressed visible contempt for his opponents in argument, and he was gracelessly manipulative in his dealings with people. (Edwards, 1996, 460)

However, Dawkins himself placed great emphasis on corporatist consensus.

> In the short term, our most useful technique for thrashing out agreement is that embodied in the process of consensus - something which Australia has elevated to an art form. (Dawkins, 1990, 8)

Dawkins achieved success in coopting the official union movement to support his policy initiatives, especially through the adoption of Carmichael as first an unofficial, and later an official, adviser (as Chair of the Employment and Skills Formation Council). Carmichael, like Ford, was a frequent speaker throughout Australia, offering a similar message.

Carmichael had been an early supporter of the Accord in the early days of the Hawke government, describing it in enthusiastic terms.

> The Accord represents the elevation of trade union action to the political economic level. It represents an organic connection of economic and political effort. (Boreham, 1990, 47)

He now lectured audiences, for example in the Beanland Memorial Lecture in 1988, on what he called the new industrial revolution, which placed a high value of skill formation and especially the multiskilling of the workforce (Carmichael, 1989).

Award Restructuring

Although the industrial origins of the training reform agenda later became a matter of some sensitivity in the Federal Government, the path of development can be clearly traced throughout 1987 and 1988.

> The training reform agenda originated in sections of the trade union movement whose federal awards, containing a multitude of narrow classifications, were widely seen as an impediment both to improved work organisation and to workers' and firms' willingness to invest in acquiring higher levels of skill. (Sweet, 1993, 6)

Not surprisingly, the impetus for award restructuring was the desire by the union movement to improve workers remuneration. In the climate created by the balance of payments crisis and the publication of *Australia Reconstructed*, it was understood that pay rises had to be linked to productivity improvements, which in turn required significant changes to work practices and the organisation of work (Department of Industrial Relations, 1988).

The 1987 National Wage Case had placed responsibility on unions and employers to reach agreement on issues relating to productivity, restructuring and efficiency. Otherwise, wage increases would not be awarded (Department of TAFE, 1990). This created difficulties for many unions whose awards lacked higher grade classifications and in which flat, age-related earnings profiles were common for qualified trades workers. A second difficulty was the enormous number of classifications - there were over 700 in textiles and 348 in metal industries (Department of Industrial Relations, 1988, 12).

The 1988 National Wage Case introduced the Structural Efficiency Principle, which

- established skill-related career paths to give employees a financial incentive to continue to participate in skill formation; and
- within the resultant framework, reduced the number of classifications to remove impediments to multiskilling. (Sweet, 1993, 7)

Carmichael's metals award took a lead by establishing only 14 classification levels from production employee to professional engineer. Although wage payments were to be for skills used rather than skills gained, the theoretical possibility was opened for a career progression through all 14 levels based on the acquisition of skills both through the formal education system and on-the-job, with the possibility of recognition for skills already acquired through practice (RPL, or recognition of prior learning) (Department of TAFE, 1990).

Not only were skills required for career progression, but it was agreed that workers needed to reshape and upgrade their skills continuously to meet current employment requirements in an era of technological change and new work organisation (Chataway, 1991).

Award restructuring was important to vocational education partly because of the quantitative demands it would place on the training system and secondly because of the need to establish a common currency in which skills gained at work, in a variety of educational institutions, and through RPL, could be equated. Related questions involved national comparisons of qualifications and the relation of topics in TAFE curricula to the skills described in industrial awards.

The question of demand was to lead, in 1990, to the establishment of a joint Commonwealth/State Review of the Training Costs of Award Restructuring (the Deveson Review). The issue of a common skills currency was more pressing and gave rise to the concept of competency based training and the establishment of a National Training Board.

An Industry Responsive Training System

After the enthusiastic cooption of key sections of the trade union leadership into the corporatist fold, the next step was the recruitment of equally key sectors of business and industry. In the view of some participants and observers, business had been inadequately prepared for the National Economic Summit in 1983 (Kelly, 1992, 67; Hawke, 1994, 182). Business was therefore encouraged by Prime Minister Hawke to improve its cohesion within the government's corporate framework, notably by the establishment of the Business Council of Australia (BCA) (Kelly, 1992, 276).

This crowned a natural process by which major economic interests had been coalescing into the representative bodies required for the operation of corporatist government. The Confederation of Australian Industry (CAI, later the Australian Chamber of Commerce and Industry, ACCI) had been formed in 1987 by the amalgamation of groups representing mostly moderate scale employers. The ACTU had absorbed the Council of Salaried and Professional Organisations in 1979 and the Council of Australian Government Employee Organisations in 1981. The merger of the Australian Industries Development Association and the Australian Business Roundtable to form the BCA in 1983 brought large business into the common pattern (Boreham, 1990, 44).

Business was drawn into the training reform agenda because of its shared stake with organised labour in the award restructuring process. Subsequently, it took on a more formally corporate role through its representation on new federal and Federal-State institutional creations, such as the National Training Board, the Employment and Skills Formation Council (ESFC, chaired by Carmichael) and the Vocational Education, Employment and Training Advisory Committee (VEETAC).

In the interim, Minister Dawkins undertook a process aimed at building a belief in the community, or at least within the training policy community, that the TAFE system

had become unresponsive to the needs of industry. This served to create support for policy initiatives which would previously have been opposed not only by the TAFE sector but by its traditional supporters, which had to this point included the ACTU and major employer bodies such as the Metal Trades Industry Association (see, eg, ACTU, 1984, 26-27; MTIA, 1984, 6).

In developing this agenda, Dawkins may well have been reflecting a view common in his home State of Western Australia, which had sent an overseas mission ahead of the ACTU/TDC party and had preceded the Commonwealth in establishing a Department of Employment and Training (DET). According to DET's former Chief Executive, this move derived from dissatisfaction with Western Australian TAFE's poor linkages with industry (interview, Albert, 22/1/98).

A second outcome, intended or not, was to develop a coaching program for business groups similar to that provided for the union leadership. Although the TAFE system had never been without industry critics, as the Western Australian initiative indicated, this criticism had largely been moderate until spurred by the increasing stridency of the federal government's commentaries.

Stating the Agenda

The Commonwealth in late 1987 and throughout 1988 and 1989 issued a series of policy statements which linked the industrial relations agenda to its emerging training agenda and promoted the related view that TAFE needed to be brought more sharply into the process of economic reform and required to respond more directly to employers' requirements. These documents were:

- *Skills for Australia*, issued by Ministers Dawkins and Holding in 1987;
- *A Changing Workforce*, issued by Minister Dawkins in 1988;
- *Labour Market Reform: The Industrial Relations Agenda*, issued by Minister of Industrial Relations in 1988;
- *Skill Formation and Structural Adjustment*, issued by the Department of Employment, Education and Training in 1988;
- *Industry Training in Australia (Discussion Paper)*, issued by Minister Dawkins in 1989;
- *Improving Australia's Training System*, issued by Minister Dawkins in 1989; and
- *Industry Training in Australia: Report on Consultations*, issued by the Employment and Skills Formation Council in 1989.

Skills For Australia was aimed primarily at introducing radical changes to the method of TAFE funding by the Commonwealth and sought to justify these by asserting that

> The Government is determined that our education and training system should play an active role in responding to the major economic challenges now facing Australia....Our skills formation and training arrangements are not yet adequate to meet these demands. (Dawkins and Holding, 1987, 111)

The document insisted that the focus of funding needed to be sharpened to ensure that funds are spent in accordance with national objectives and to ensure "improvements in the relevance of TAFE provision" (Dawkins and Holding, 1987, 34).

A Changing Workforce was essentially an exhortation to industry to become more involved in training issues, including the proposition that

> The Government has made clear its wish to see greater industry involvement in TAFE and more diversified arrangements for vocational education and training generally. (Dawkins, 1988, 8)

In addition, there was the hope that

> Increased industry-based training will provide healthy competition for TAFE. (Dawkins, 1988, 21)

Willis' paper *Labour Market Reform* clearly linked the industrial relations and training agendas by quoting *Skills for Australia* on the role education and training should play in lifting industrial productivity (Willis, 1988, 10). Willis made no explicit comment on the adequacy of the TAFE response to date, but when in August the DEET Economic Division discussed industry training, it felt no need to produce evidence for an apparently self-evident claim that

> Industry has frequently complained about the inflexibility of the TAFE system and the lack of relevance of many TAFE courses. (DEET, 1988, 34)

The DEET Economic Division instead expressed strong support for Skill Centres, run by the departmentally funded Industry Training Committee (ITC) network, because of the "close involvement of industry" (DEET, 1988, 35). Although Skill Centres were envisaged as competitors for TAFE, the only examples of successful Skill Centres cited by the Division were joint activities of ITCs and TAFE in South Australia (DEET, 1988, 35).

Improving Australia's Training System devoted little space to TAFE but provided a rationale for the Commonwealth's increasing assertiveness in vocational education and training by emphasising the need for "national consistency and coordination of training" (Dawkins, 1989 1, 22). The document again stressed the importance of award restructuring for training policy, and continued the industrial relations linkage through cross-referencing to a concurrent statement on award restructuring by the Industrial Relations Minister.

Improving Australia's Training System held that individual State accreditation bodies caused confusion both to nationally operating Australian enterprises and to overseas qualified migrants. Minister Dawkins foreshadowed the establishment of two new bodies to deal with both problems, a National Training Board (NTB) and a National Overseas Skills Recognition body (NOOSR).

Dawkins' discussion paper *Industry Training: The Need for Change* was addressed primarily to the need for mandatory training expenditure requirements for industry. TAFE received a passing reference.

> Industry has been at times critical of TAFE for failing to provide adequate places in courses in high demand, teaching courses which have not kept pace with developments in industry and for lack of clear goals, targets and accreditation procedures. (Dawkins, 1989 2, 29)

The most severe criticism of TAFE's lack of responsiveness to industry came in the two reports by the Employment and Skills Formation Council (ESFC) on their consultations with industry on *Industry Training: The Need for Change*. According to the ESFC's May 1989 interim report

> There is also strong support for improving the responsiveness and efficiency of education and training provision. Comments generally focussed upon TAFE....In general, industry comments were critical of TAFE but there were some important exceptions. (ESFC, 1989 1, 12)

In a second report in November, the ESFC was even more critical of TAFE. It advised that

> a large number of submissions, around 50, argued for more responsive TAFE systems. (ESFC, 1989 2, 103)

The ESFC devoted considerable discussion to measures it saw as essential for reforming TAFE's responsiveness, a list which from this time became entrenched as DEET's agenda in its future dealings with State TAFE authorities. The list included:

- a stronger relationship between industry and TAFE;
- collaboration between industry and TAFE over equipment and facilities sharing;
- more entrepreneurial activity in TAFE;
- greater accountability for TAFE;
- introducing greater competition for TAFE;
- longer hours of opening for TAFE;
- improved course articulation and recognition of prior learning (ESFC, 1989 2, 104).

The report also asserted the existence of strong industry support for competency based training, more qualified support for modularised courses, and support for common accreditation machinery for skills acquired formally and those learned on-the-job (ESFC, 1989 2, 96).

TAFE and Industry: Rhetoric and Reality

In view of the sustained case made by Minister Dawkins, his advisory bodies and his department, that a considerable gap had grown between the needs of industry and the response of the TAFE system, it is worth examining such empirical evidence as is available.

It is clear that some real industry dissatisfaction with the TAFE system existed in the 1980s, although industry was well represented at all levels of TAFE governance, from the Commonwealth TAFE Council, through State Advisory Councils to individual TAFE College Councils (Hall, 1988).

Professor Peter Karmel commented that there is a widespread view in Australian business that all educational institutions are inefficient (interview, Karmel, 28/9/95). This was illustrated by a report in Time Magazine in one of its earliest Australian numbers in 1986, which described a series of meetings between higher education officials and industry leaders and between TAFE and industry. The Time report described these as occurring in a climate characterised by the Advanced Education Council Chair, Dr Gregor Ramsey, as "staggering in the sheer hostility [of business] towards education" (Time, 22 September 1986).

The present writer attended the two meetings between TAFE Chief Executives and the National Chairs of Industry Training Committees and it is clear that Ramsey was not exaggerating the animus against educational institutions. In fact, there had been tension between ITCs and TAFE since the 1970s, when competing policy communities in training and technical education began to emerge.

The ITCs, originally developed within the federal Department of Labour (later Department of Employment and Industrial Relations [DEIR]) represented a different culture from that of educational officials. According to Peter Kirby, formerly First Assistant Secretary of DEIR, the ITCs' paid officials, the Training Development Executives, believed they should be able to issue instructions to TAFE colleges. Their dissatisfaction with their limited influence permeated the whole Department (interview, Kirby, 26/10/95).

On the other hand, the policy statements of the leading industry representative bodies, such as the Metal Trades Industry Association and the Confederation of Australian Industry, were considerably more measured than the comments of ITC leaders.

The ACTU had traditionally been a strong supporter of the TAFE system. In its submission to the Kirby Inquiry, for example, it had strongly resisted any move

towards greater industry involvement in training (ACTU, 1984, 26). While there was some diminution of this support in the later 1980s, criticism of TAFE was not a pronounced feature of union statements. *Australia Reconstructed* had asked tertiary education as a whole to 'lift its game' by improving links with industry, but had noted in mitigation

> There are some encouraging examples, particularly in regard to TAFE and industry, but they are still inadequate. (ACTU/TDC, 1987, 119)

On the employers' side, the industry body with the most sustained linkages to the TAFE sector had been the Metal Trades Industry Association (MTIA). In its submission for the TAFE Council's last triennial recommendations (1985-87), the MTIA had stated clearly enough

> The relationship which has developed between industry and the TAFE system at both the local and State level in most States is strong and works extremely well. (MTIA, 1984, 6)

The organisation had not changed its mind by the time of the 1989 ESFC consultations.

> It should be noted at the outset that TAFE has been extremely cooperative in providing assistance to the [industry] parties. TAFE has been frustrated in realising the full potential of its assistance mainly because the industrial parties have yet to reach an agreement on a new award and training infrastructure. (MTIA, 1989, 55)

The story remained the same in 1990:

> MTIA has been instrumental, in conjunction with unions, TAFE, the Commonwealth and State Governments, in dragging training practices out of that era [1940s and 1950s]...We are working closely with TAFE in designing curricula. (MTIA, 1990, 5)

The Confederation of Australian Industry (later Australian Chamber of Commerce and Industry (CAI/ACCI) was only marginally more critical. In its commentary on the proposals in *Australia Reconstructed*, the CAI had confined itself to the moderate comment that

> Employer input into education delivery should be increased while the resources of employers should be tapped to improve the level of facilities available to educators. (CAI, 1987, 19)

In 1988 the CAI (in noteworthy contrast to the Federal Agencies) attempted to put some rigour into the debate on what industry thought of the education system by conducting a large scale survey of its membership. The result did not lend support to claims made by the Federal Minister in respect either of higher education or entry level training offered by the TAFE system. According to the survey, while only a bare majority of employers expressed satisfaction with the school leavers they employed, graduates of both tertiary sectors were more highly regarded.

> The survey...indicated a much greater level of satisfaction with students from the trades area, 76.3 percent of those hiring tradespersons, and a high level of satisfaction. 87.7 percent, with the graduates of higher education institutions. (CAI, 1988, 42)

In its submission to the ESFC consultation in 1989, the CAI was largely concerned with the then proposal for an industry training levy. Its only comment on TAFE was that

> CAI is also developing, through its members, improved relationships with Technical and Further Education Institutions in each State (CAI, 1989, 15).

The submission is interesting, though, for the light it shed on industry's response to Minister Dawkins emphasis on reforming accreditation machinery, which had been justified in the Minister's Discussion Paper as necessary to inject industry competencies into training curricula (Dawkins, 1989 2, 29-31) According to the CAI,

> Quality training is not necessarily the product of the accreditation process. Accreditation does provide a means of ensuring standards are being met but it can also have a detrimental effect on total skills formation. (CAI, 1989, 13)

Not only was the CAI not a strident critic of TAFE, there is some evidence that the Confederation was growing concerned at the appearance of a rift between TAFE and Industry. Twice in 1989 CAI representatives attended general meetings of the TAFE Teachers Association to deny what they clearly saw as an unjustified picture of industry hostility.

> I also want to emphasise that employers are not suggesting that the education system should mass produce individuals who are capable of little more than simply slotting into the production process - an accusation frequently levelled at employers. (Callendar, 1989, 23)

> There has been, at times, a misconception that employers wish to see the role of TAFE phased down and replaced with an alternative means of delivering vocational training. This is not correct. The Confederation is very supportive of the TAFE system and its charter and believes it is vital to upgrading the level of training and skills development in Australia. This is not to say, however, that employers do not believe there is room for improvement in the content and delivery of course or the way that some of the TAFE systems are operated.(Webster, 1989, 25)

The attitude of the Business Council of Australia (BCA) was almost identical to that of CAI/ACCI. In its 1987 Policy Statement, the Council stressed that education has many functions beyond the economic and argued for a 'pluralistic education system' (BCA, 1987, 3). Any criticism of TAFE was indirect, implied in its recommendation to government to

> Encourage the trade training institutions, such as TAFE, to develop their curricula to better meet current and future needs of business. (BCA, 1987, 8)

In its submission to the 1989 ESFC consultations the Council took a similar line of mild criticism:

> role and responsiveness of TAFE needs to be improved to increase its usefulness and the relevance of the training it provides. There are marked differences from State to State in the readiness of TAFE to respond to the requirements of the users of its training. (BCA, 1989, 16)

Almost identical sentiments were contained in the Council's policy on Workforce Training, undated but apparently 1990 (BCA, 1990 1, 10). Much stronger support for TAFE came from a series of enterprise case studies which the Council commissioned as a follow up to the ESFC consultation (BCA, 1990 2, 11).

Empirical evidence on the state of industry-TAFE relations is available also from two formal studies conducted at this time. In one, the TAFE National Centre for Research and Development studied 28 major enterprises throughout Australia. The major finding of the study was the fact that these enterprises had at best a rudimentary awareness of their own training needs (Hall, 1988, 12). It did find, however, substantial evidence of TAFE/industry interaction.

> The concerns expressed [by a number of government reports] about the need for greater industry involvement suggest little such interaction takes place at present. To the extent that such a view exists, it is mistaken. There is clearly considerable interaction in the area of technical and further education. (Hall, 1988, 5)

The National Centre's study also cast doubt on industry's desire to be involved in new accreditation arrangements pointing out that a major current criticism is that 'TAFE is now swamped with curriculum committees' (Hall, 1988, 9).

The second study was an evaluation of Commonwealth TAFE Related programs funded by DEET. Again the finding was one of considerable and successful linkages at a number of levels, but with the caveat that there was room for the relationship to grow further to become one of partnership. This would, however, require adjustments by the industry as well as the TAFE side (Thorn, Gonczi and Chapman, 1990, 7-8).

The evidence, therefore, suggests that the TAFE-industry relationship in the years 1987 to 1990 was in considerably better shape than a reading of federal Ministerial and official statements would indicate. This is not to say that industry had no complaints about TAFE, nor TAFE about industry. However, it is difficult to see how the ESFC's industry consultations arrived at so adverse a finding on TAFE's responsiveness.

According to the ESFC, about 50 industry submissions complained about TAFE. The only record available is the ESFC's own summary of views - submissions to such reviews are not published or archived on the grounds of confidentiality. However, the three major national employer bodies - MTIA, CAI and BCA - published their submissions independently and they have been reviewed here. They cannot reasonably have been the foundation for the ESFC's critical view.

On the other hand, the ESFC indicated that 36 of what it described as industry submissions were from Industry Training Committees (ESFC, 1989 Appendix). The growing cultural antipathy between the ITCs and the TAFE sector had been evident in a series of reports from the ITCs' national body, the National Training Council, throughout the 1970s and 1980s (eg, NTC, 1979, 1; NTC, 1980, 4; NTC, 1984, 57).

Not only was there a long standing tension between the ITCs and the TAFE sector, but the ITCs were funded and managed from the same Ministerial portfolio as the ESFC. It would seem that much of what was reported as industry dissatisfaction was in fact one area of the employment, education and training portfolio talking to another.

What seems a fair summary of the state of play on industry/TAFE relations in the 1980s has been provided by Richard Sweet of the Dusseldorp Skills Forum:

> Industry criticism of the responsiveness of the TAFE and training systems was a common theme of the 1980s. Whilst much of this criticism was fundamentally a reflection of the rigidities of the labour market in which TAFE and training authorities operated, much of it also arose from difficulties in the structure, operation and management of the training system itself. (Sweet, 1993, 5)

If Sweet's assessment is accurate, it would seem that a moderate degree of industry dissatisfaction had been systematically inflated by Minister Dawkins and agencies within his portfolio as part of an exercise in mobilising support through rhetoric for a package of intended reforms - the training reform agenda.

Not only was there far less dissatisfaction with the training system than implied by government, some crucial areas of the agenda, such as industry involvement in accreditation machinery, and thus the competency based training push, had rather less industry support than claimed.

The Training Guarantee

Australia Reconstructed had as one of its principal recommendations a proposal for a National Employment and Training Fund (ACTU/TDC, 1987, rec. 4.2). What was envisaged was a fund raised by a compulsory levy of employers, from which up to 80 per cent of an enterprise's deposits could be withdrawn for approved training with the remainder available for national training purposes.

The inadequacy of employers' contribution to training was a central focus of *Industry Training: The Need for Change*. The Minster pointed to the fact that at about two to two and a half per cent of payroll spent on training, Australia was below the standards achieved in other OECD countries; and that training effort was very unequally spread among employers (Dawkins, 1989, 3). The government's view increasingly hardened towards a compulsory levy, from which firms with good training records would be exempted.

The idea was vigorously opposed by business (CAI, 1989, 29; BCA, 1989, 1-8). It received only very lukewarm support from economic areas of government, including the Minister's own Economic Division (DEET, 1988, attachment 2; EPAC, 1988, 24). Eventually in May 1990 legislation was passed by federal Parliament for a Training Guarantee, in which employers were required either to demonstrate that they expended one per cent of payroll (later to rise to 1.5 per cent) on approved training or else to pay any deficiency through the taxation system (Tansitt and Chalmers, 1991,1).

The Training Guarantee was always extremely unpopular with business and highly bureaucratic in its operation, with a complex system of determining eligible expenditure and obtaining endorsement through Registered Industry Training Agents. It seems to have created an industry of providers of recreational activity disguised as training seminars (Noone, 1991, 19) and led to a considerable paperwork burden on business with little evidence of increased training activity (Sweet, 1994, 28).

The Training Guarantee was suspended by the government in 1994 and no other attempts have been made to frame industry's training role in terms of obligation rather than incentive.

Utilising Corporatist Forums

EPAC

In setting the agenda and mobilising support for vocational education and training reform, Minister Dawkins also made use of corporatist agencies more directly associated with the government's economic reform agenda.

According to Boreham's study of corporatism in the Hawke government, the Economic Planning Advisory Council (EPAC) might be described as the major institutional embodiment of corporatism in Australia (Boreham, 1990, 50). EPAC did not undertake or commission any direct research into the VET sector until 1992. Until then it relied wholly on advice from Dawkins' Ministry for its comments on VET. This made it a useful avenue for publicising policy initiatives from the Employment, Education and Training portfolio and for reflecting its policy concerns.

For example, in the EPAC 1986 report on Human Capital and Productivity Growth the Council supported the view that industry representatives were concerned that technology and business courses in TAFE were insufficiently up-to-date (EPAC,

1986, 19). In 1988 EPAC's Overview of Microeconomic Constraints on Economic Growth argued that

> A major barrier to improvement in the quality of apprenticeship training has been the absence of defined competency standards and competency testing (EPAC, 1988, 32).

The EPAC document concluded that reforms to widen and deepen the national skills base were essential to the promotion of economic growth. This was a recurring theme of the Minister's statements, one which would have drawn wide agreement from the TAFE sector, although it would appear not to have been fully supported by contemporary research (Marginson, 1993, 128-129), and was treated with considerable scepticism when EPAC commissioned relevant research in 1993 (Maglen, 1993, 53).

In 1989 Minister Dawkins used EPAC as a forum for an extended articulation of his reform agenda. A document presented to EPAC in his name, *Key Trends and Government Initiatives*, encapsulated the government's theory and practice in setting out the training reform agenda. Quoting the 1988 EPAC paper's conclusion that improving the skills base required reforms within schooling, training, higher education and in industry (Dawkins, 1989 2, 2) the submission reiterated the themes of growth in training places, a 'sharper focus on national interests and national objectives (Dawkins, 1989 2, 3-4), quality (represented by competency based training) (Dawkins, 1989 2, 5), and efficiency. In fact, the paper claimed,

> Previous policies had accommodated, even promoted, a series of outmoded and inefficient practices in education and training. (Dawkins, 1989 2, 4)

The Dawkins 1989 paper served no easily ascertainable purpose but it did widen the audience for his proposals from the industry parties, who to date were the principal corporatist recruits to the training reform agenda, to a wider group of policy specialists normally concerned with more narrowly economic policy-making, such as State and Federal central agencies. By the time EPAC conducted its first seminar specifically devoted to education and training, the criticisms it reported of poor consultation with the educational coalface and an excessively narrow view of education (EPAC, 1992, 3) were no longer relevant to debate: the seminar occurred only the week before the ANTA agreement was finalised.

OECD

In a similar vein, Dawkins and his department made use of the Organisation for Economic Cooperation and Development (OECD) to legitimise his policy concerns with economically oriented policy communities. Vickers studied the way policy entrepreneurs, especially Dawkins, used sometimes selective reference to the OECD to support domestic policy initiatives.

> Legitimation is a logical use of the authority of the OECD. It is especially useful for Commonwealth politicians and bureaucrats who already know what they want to do but need to consolidate their support and discredit their opponents....the role that knowledge from the OECD plays in the Australian policy-making process is clearly a political one. (Vickers, 1995, 54)

Dawkins maintained an active role in the OECD himself and his department was responsible for liaison with the OECD on educational issues. Dawkins chaired the 1987 OECD meeting on Education and the Economy in Paris (Vickers, 1995, 53) and cited this conference in his early policy statements on his reform agenda (eg Dawkins, 1989 3, 65).

Between 1990 and 1994, the OECD conducted a project on vocational education reform in member countries. Its summary of the four themes common to most member States suggested that Dawkins was in many ways typical of, if not a model for, vocational education reformers, as his measures touched on each theme:

- the creation of more diverse educational pathways and the improvement of linkages;
- the integration of general and vocational and of institutional and work-based learning;
- engaging the social partners in reform;
- improving institutional coordination and coordination of training with other government policies. (OECD, 1994 1)

However, it is clear that the OECD message was not fully translated into Australian policy under Dawkins. For example, the OECD remained opposed to the simple identification of education with economic objectives and its own research encompassed learning theory and social objectives as well.

> For example, the project on New Directions in Vocational and Technical Education is based on a sophisticated and carefully planned sequence of investigations which pay attention to the cognitive psychology of integrated learning as well as analysing the economic aspects of work-based learning. (Vickers, 1995, 54)

Similarly, the approach to competency based training adopted in Australia was one peculiar to English speaking countries rather than to the European members of the OECD (Ramsey, 1995, 20), while the OECD's great stress on decentralisation of control over vocational education (OECD, 1994 2) was the reverse of the course followed by Dawkins in seeking stronger and eventually total federal control.

Conclusion

Between 1987 and 1990 Commonwealth Minister Dawkins engaged in a systematic process of setting a policy agenda derived from the new value system of corporatist and managerialist approaches to government. A clear policy trail of documents and policy initiatives illuminates his attempts to mobilise support through rhetoric which stressed the urgency of adopting an economic and instrumentalist view of education and training and cast the existing public TAFE system as maladaptive and non-responsive, an obstacle to economic development and industrial relations flexibility.

The training reform agenda was deeply rooted in a new industrial relations agenda built on the concept of award restructuring. This approach allowed the recruitment of representatives of the industry parties into a corporatist common front against institution based vocational education. The fact that a common front was not easily developed, especially with some employer organisations, reflects the degree to which the rhetoric was contrived and, in its characterisation of an unresponsive TAFE system, went well beyond the actual experience of the parties involved.

Moreover, the experience of the training guarantee demonstrated that business interests were not prepared to support policies which conflicted with their own perceptions of appropriate reform.

Never-the-less, the foundations of a corporatist managerialist agenda for training reform were laid in this period. From 1990, this foundation was to be strengthened by a second stage agenda which stressed the incapacity of the present training system to meet projected demand, especially industry demand, and which invited the industry parties to participate in the formal machinery of government policy setting to a degree which had few precedents.

5

A New Pattern of Federal Intervention

Introduction

Between 1987 and 1991, the Federal Government, largely at the initiative of Minister Dawkins, undertook a range of measures to continue the agenda setting process begun in the policy statements outlined in the previous chapter, to consolidate the support of the industry peak bodies in the government's corporatist strategy and to broaden the policy community within which initiatives would be debated.

While some of the most important steps taken at this time were a continuation of mobilisation of support and the further opening of policy windows made feasible by the new value alignment in government, there was also a significant degree of determination. That is, substantial policy decisions were taken and implemented and new institutional forms and practices created.

Some of these decisions were within the structures of the Federal Government, although not without consequences for intergovernmental relations. Others changed the way in which federal agencies related to their State counterparts. Some represented significant innovation in the institutions of federalism and the pattern of intergovernmental arrangements. In particular, new federalist structures introduced the Commonwealth's business and union corporatist partners into the heart of intergovernmental policy setting.

Change of this type could not be effected without some degree of tension, which arose, for example, when the Commonwealth unilaterally changed the procedures for its financial assistance to the States or when its new advisory bodies, replacing CTEC and the TAFE Council, excluded State representation.

Even so, the period was characterised by a substantial degree of cooperation which facilitated federalist innovation and which revealed a considerable convergence in approach between State and Federal Governments and between governments of different political colouring. This appears to have been due in large measure to

compatible values within policy communities, especially between Federal and State bureaucracies, until the rupture caused by the Commonwealth's attempt to take-over TAFE funding and policy control in 1991.

Initiatives within the Commonwealth

Advisory Arrangements

The disappearance of the key Kangan institutions, CTEC and the TAFE Council, allowed the Commonwealth to create new advisory institutions which reflected the values and practices of its corporatist managerialist philosophy.

These were the National Board of Employment, Education and Training (NBEET) and its constituent Councils, the Higher Education Council (HEC), the Schools Council (SC), the Employment and Skills Formation Council (ESFC) and the Australian Research Council (ARC). In line with the emerging managerialist culture in federal administration, the new bodies lost the former Commissions' program management functions, which returned to the Department of Employment, Education and Training, and became subject to Ministerial direction.

A review of the federal advisory structure in education was one of the earliest actions of Minister Dawkins' administration. A task force of public servants was established in July 1987 and by early October had developed proposals for a Board and four Councils. The Board was to consist of a Chair and three or four executive members, who would be full time Commonwealth employees, two union representatives, two business representatives, two independent members and two representatives of the various education areas, in both public and private sectors. The States were given no direct representation (Dawkins, 1987, 6).

The Minister's discussion paper indicated that VET matters would be spread over more than one Council, presumably because Diploma and Associate Diploma courses would be within the purview of the HEC, other areas falling to the ESFC. In fact, no VET representative was ever appointed to the HEC and it never considered VET or TAFE issues.

The ESFC took on the major role in providing advice on TAFE and VET, but although Council membership was to be "primarily drawn from those involved in the relevant sector" (Dawkins, 1987, 6), no State or Territory representative was ever appointed and although a single TAFE sector member usually served on the Council, the member was appointed in a personal capacity. As Goozee pointed out,

> the exclusion of TAFE from the national advisory mechanisms has not helped Commonwealth and State relationships. (Goozee, 1995, 113)

A consultation process on the proposed advisory structure took place between October and December 1987. Although the discussion paper claimed "there was widespread acceptance of the Commonwealth's proposals" (Dawkins, 1987, 3), this was hardly an accurate characterisation of the TAFE Directors response.[1] As a concession to their requests for greater involvement, the final structure included an additional body, a Commonwealth/State Consultative Committee, to compensate for the exclusion of State representation on Board and Councils. The Consultative Committee met only on one occasion in early 1988 and was never an active participant in deliberations.

[1] The present writer particpated in discussions between Directors and the Task Force as Executive Officer of the Australiuan Conference of TAFE Directors.

Although the ESFC emerged in some ways as an influential actor in the VET sector,

particularly through its proposal for an Australian Vocational Certificate Training System (Carmichael, 1992), the advisory mechanisms chosen by Minister Dawkins remained an annoyance in relations with State TAFE administrations, which could have been alleviated by a slight change in membership. The membership of NBEET was equally unsatisfactory from a TAFE/VET perspective, since the sector remained unrepresented at this level also.

Changes to Federal Funding

A second development testing Commonwealth-State relations arose when the new Commonwealth administration developed proposals for changes to both the quantum and method of calculating federal financial assistance to State TAFE systems in late 1987.[2]

Funding under the TAFE Council system had involved the negotiation of medium term plans between States and the Council under a process of Triennial Submissions. As well as being a funding mechanism, according to a former TAFE Director and TAFE Council member the Triennial Submission process provided a valuable forum for federal-State debate, drawing in both TAFE and industry expertise (interview, Leo, 19/12/94).

The Triennial Submissions were subject to annual up-dates for accountability purposes. An additional and substantial flow of funds came on an automatic basis as a result of the Whitlam government's Fees Abolition Agreement with the States. This was originally per capita, but later was calculated on States' teaching effort in the previous year.

During the 1986 Review of TAFE Funding both the States and the Commonwealth had expressed dissatisfaction with the system of designated grants through the TAFE Council (CTEC, 1986, Ch. 3). The Commonwealth was concerned that short term funding was being used to underpin permanent salaries, while the States objected to the need for the constant invention of new programs.

Problems had arisen because of the different motivations of Commonwealth and States. The Commonwealth's objective was to promote structural change in TAFE, while the States were concerned to meet rapidly increasing student demand - caused at least in part, as the Review acknowledged, by the Commonwealth's own rhetoric (CTEC, 1986, 37).

The States were not altogether surprised when a new funding regime, announced by Minister Dawkins late in 1987, took the form of a Resource Agreement, in which Commonwealth funds would be consolidated into a block grant for recurrent expenditures, with capital procedures remaining essentially unchanged. But several features of the new system created more serious tensions than had arisen under the previous arrangements.

In the first place, Minister Dawkins introduced his new system with the announcement of the largest reduction in financial assistance to TAFE ever imposed by a federal minister. Having noted the Minister's rhetoric on the need for substantial increases in vocational education activity in statements such as *Skills for Australia* (Dawkins and Holding, 1987), State TAFE Directors were surprised to be faced with a real terms

[2] The present writer was involved in these negotiations as the Assistant Director of the South Australian Department of TAFE with responsibility for intergovernmental relations.

funding cut of 15.3 per cent, as well as the loss of $19 million from the winding down of the Participation and Equity Program (ESFC, 1990, 18).

As well as the funding cuts, the resource agreements increased obligations on the States. *Skills for Australia* had flagged Dawkins' intention "to ensure that funds [were] spent in accordance with national objectives and priorities" (Dawkins and Holding, 1987, 30). According to a former CTEC officer,

> From 1988, Commonwealth grants were to be made subject to a set of agreed, but Commonwealth initiated, goals and priorities through the use of 'resource agreements' with the States....In a short time, the Commonwealth had moved from using its grants to influence improvements in the TAFE systems to exercising control over their operations. (Robinson, 1990, 41-42)

The goals set by the Commonwealth reflected not only broad economic objectives but detailed requirements for increased productivity, including changes to student selection and staff industrial conditions (Dawkins, 1990, 6). All these changes were presented to the States without prior warning, on a 'take it or leave it' basis. There was resistance, and the New South Wales Minister refused to sign his State's agreement, but there was little the States could do to oppose the immediate changes.

> It was not so much the content of the resource agreement, but the fact that change was announced as a *fait accompli*, without prior consultation with the States, that caused a negative reaction in some States. (Goozee, 1995, 109)

While the States had not reacted negatively to the TAFE Funding Review's remarks on the need to revisit the basis of the Fees Abolition Agreement, they responded unhappily to its unilateral abolition by Minister Dawkins. For example, a former Western Australian Chief Executive commented that while his State was more sympathetic than others to Dawkins' restructuring of administrative and advisory arrangements, they reacted negatively to his funding cuts and changes to the resource agreement system (interview, Albert, 22/1/98). This view was reflected in varying degrees in the other States.

> This distrust between the States and the Commonwealth, which had never been an element in relations with CTEC, distorted the value of many of Dawkins' proposed reforms and made the process of reaching intergovernmental agreement far more difficult, even though funding gradually improved from 1989 and there was a growing acceptance of the Commonwealth's view that growth should concentrate on vocational programs in areas specified by industry consultation. (Ryan and Hardcastle, 1996, 240-241)

While federal financial assistance was gradually restored in the 1989 and 1990 financial years, and was put on a new footing after the 1990 Deveson Report, the strains of the new arrangements on Federal-State relations remained. The Commonwealth's own adviser, the ESFC, in June 1990 warned the Minister that the resource agreements' increasing 'layer-cake' of

> sub-objectives and indicators is excessive and, in some instances, inappropriate or counterproductive to achievement of the Commonwealth's priorities. (ESFC, 1990, 111)

They were also concerned at lack of real consultation with the States:

> However, equally important in the TAFE context is the development of a process for the setting of Commonwealth priorities which engenders feelings of close partnership and joint ownership between the Commonwealth and the States/Territories...there is a general perception among State/Territory officers that TAFE systems are played off against each other. (ESFC, 1990, 112)

In practice, the demands placed on the States through the resource agreement process became secondary, from 1991, to the issue of the Commonwealth offer to take over all TAFE funding. But the volatile nature of federal funding remained an issue and featured in the case presented by the States against the take-over offer (NPM, 1992, Attachment 1).

The National Training Board

Origins

One area in which the Commonwealth took a more conciliatory line towards the States, and one which led to a significant innovation in intergovernmental relations, was the creation of the National Training Board.

As outlined in the previous chapter, despite industry's lukewarm attitude to involvement in curriculum setting machinery, some way of developing nationally registered competency standards as the common currency of industrial awards in different industries and occupations was integral to the process of award restructuring.

Thus the origins of an important innovation in intergovernmental relations, the National Training Board (NTB), lay clearly within an industrial relations rather than an education and training framework. The impetus came from the well established policy community in that field, commonly referred to by the media and other analysts as the 'industrial relations club' (Davis et al, 1993).

A common technique for legitimising policy initiatives within the industrial relations club has been the tripartite overseas mission. One such mission was conducted in 1988 by a team made up of the Metal Trades Industries Association, the Metal Trades Federation of Unions and the Commonwealth Department of Industrial Relations. Its principal recommendation was the establishment of a National Metal and Engineering Career Development Board, which would use the powers of the federal industrial award system to enforce nationally consistent education and training arrangements related to the new metals award (Sweet, 1993 1, 10).

This recommendation could easily have precipitated a crisis both in Federal-State relations and within the union movement, and perhaps also among employers. Within the States, a long tradition had allowed State training regulation bodies (originally apprenticeship commissions, later styled industrial and commercial training authorities) to exercise training accreditation powers delegated under federal industrial awards alongside their powers under State awards. This eliminated the need for a parallel federal body and each State authority had, over time, developed a *modus vivendi* with its State TAFE authority in relation to curriculum development.

This comfortable equilibrium was placed at risk by the metal trades proposal (Sweet, 1993 1, 10). Moreover, the proposal that recognition arrangements be developed on an industry basis threatened the craft basis of powerful sections of the trade union movement, which allowed unions to represent occupations across industry boundaries. The Electrical Trades Union in particular was opposed to such a development (Sweet, 1993 1, 10).

An alternative and less threatening proposal, however, emerged from the Commonwealth-State Advisory Committee on Training (COSTAC). COSTAC was the contemporary embodiment of one of vocational education and training's oldest national institutions, created as the Australian Apprenticeship Advisory Committee in the Menzies era. COSTAC was something of an anomaly in intergovernmental relations partly because it combined officials from the education and labour and

employment portfolios from both State and federal jurisdictions, and partly because it existed as an officials' body not directly answerable to any ministerial forum (Hegarty, 1994, 28).

COSTAC's structure gave it opportunities to influence public policy in vocational education to the extent that Lundberg described training reform up to the Deveson Report as 'the COSTAC era' (Lundberg, 1994, 6). COSTAC suggested that the task of implementing the requirements of award restructuring could be achieved through national competency standards. Its 1990 report, *A Strategic Framework for the Implementation of a Competency Based Training System*, became a key document in the training reform agenda, (COSTAC, 1990; Hegarty, 1994, 28).

Essentially COSTAC's influence came from the fact that its members could individually brief State and Territory Education and Labour and Employment Ministers. This paved the way for a specially convened meeting of ministers in those portfolios in April 1989 to approve the establishment of a National Training Board as an alternative to the metal trades/Department of Industrial Relations recommendation (Sweet, 1993 1, 10-11). The Board commenced operations in February 1990 (Goozee, 1995, 119).

National Training Board - Structure

The National Training Board (NTB) was an important development in Federal-State relations in vocational education and training. It represented a much more collaborative approach between States and Commonwealth than had otherwise been seen in Minister Dawkins' portfolio. The organisational model adopted was that of the TAFE National Centre for Research and Development, a creation of a much more cordial time in Federal-State relations in the 1970s.

Like the TAFE National Centre, the NTB was established as a company limited by guarantee, funded equally by the Commonwealth and the States and Territories. The membership of the company consisted of the Commonwealth, State and Territory Ministers responsible for the regulation of vocational education and training (NTB, 1991, 34). In this sense, the Board represented an important step in creating nationa' or federalist as distinct from federal government institutions at the peak of national collaborative arrangements in VET.

The NTB also carried forward the corporatist orientation of much of Minister Dawkins' innovations, being managed by a Board with a Chair chosen from the business community and two union and two industry representatives joining one official from each of the Federal, State and Territory governments. These government officials themselves represented a mix of education and labour portfolios (NTB, 1991, 34-35).

National Training Board - Role and Functions

The Federal-State agreement establishing the Board provided for

- a consistent national framework for developing competency standards by industrial parties based on industry needs;
- acceptance by all governments and training authorities of competency standards ratified by the Board as the benchmarks for vocational education, curriculum development, industry training and recognition and the delivery and recognition of training;

- competency standards endorsed by the Board to be the benchmarks for recognition of skills and qualification of those trained overseas. (NTB, 1991, 1)

The functioning of the NTB was initially complicated by its involvement with the Training Guarantee Legislation, which required the Board to act as registering body for the Recognised Industry Training Agencies (RITAs) which in turn certified training expenditure by enterprises as complying with the Training Guarantee Act. This complex bureaucratic diversion lasted until suspension of the Training Guarantee Legislation in 1993 (Goozee, 1995, 119-120).

Sweet has claimed that

> the argument for the importance of interstate consistency in training content that accompanied the Board's establishment can be seen as a shorthand for interindustry consistency, and as a recognition of the on-going power of craft-based skill classification within the industry training system. (Sweet, 1993 1, 11)

The Board as its first priority set about establishing an Australian Standards Framework (ASF) which attempted to provide the required common currency to equate occupational classifications across all industries. The ASF and its components were set out in a series of guidelines issued by the Board in its first two years of operations (NTB 1990, 1991, 1992). In essence,

> The ASF established eight competency levels which serve as reference points for the development and recognition of competency standards so that they can properly relate to the range of competencies required in occupations and classifications in industry on the one hand and to formal vocational education qualifications on the other. (Hegarty, 1994, 35)

The notion of competency, regarded as complex and problematic by educational commentators (Stevenson, 1992; Beevers, 1993; Beven, 1994) was defined pragmatically by the Board, reflecting its origins in the industrial relations agenda.

> Competency standards reflect the specification of the knowledge and skill and the application of that knowledge and skill to the standard of performance required in employment. Standards are developed by the industrial parties, based on the organisation of work, expressed in terms of workplace outcomes and regularly reviewed to ensure their continuing relevance to the workplace. (NTB, 1991, 7)

The need for the ASF to accommodate industrial priorities was demonstrated by the NTB's specific linking of the eight levels to the metals and tourism awards (Hegarty, 1994, 38) while even the choice of eight skill levels was a consequence of industrial needs.

> In particular, the lowest of the eight levels...[was] included as much with a view to the avoidance of certain wage outcomes as with a view to the achievement of desired training or competence outcomes. (Sweet, 1993 1, 11)

Industry Parties and the Industry Training Advisory Bodies

The National Training Board was an important institutional development in Australian vocational education and training because of the manner in which the industry parties were incorporated into a formal agency for the conduct of intergovernmental relations. Where previously employer and employee representatives had sat by invitation on advisory boards, they were now integral to the governing body of an instrument created by State and Federal Governments.

This differed from previous experience with bodies such as NBEET and the ESFC, or CTEC and the TAFE Council, which were established as Commonwealth statutory authorities and ultimately were advisory to, and subject to the direction of, the

Commonwealth minister. The National Training Board Ltd was a self-governing corporation and its Board responded directly to a shareholding made up of Ministers from all nine governments. The closest parallel was the TAFE National Centre, but that was not a policy nor program managing body.

The integration of the industry parties into this corporatist model of governance was further enhanced by the role awarded to Industry Training Advisory Bodies (ITABs), the contemporary version of the Industry Training Committees created by the Commonwealth Labour Department in the 1970s. The NTB had determined that its method of operation would be to endorse industry competence standards developed by Competency Standards Bodies (CSBs). CSBs were committees recognised by the NTB on the basis of tripartite membership and industry relevant expertise (NTB, 1991, 25).

In the Board's first national competency guidelines, the Board noted that CSBs 'may be drawn from the network of national and state industry training advisory bodies' (NTB, 1991, 25) but by the time of its second guidelines this had become 'will generally be drawn from the network of national, state and territory industry training advisory bodies' (NTB, 1992, 47). By October 1991, 19 ITABs had been recognised as CSBs, along with a small number of other industry bodies (HRCEET, 1991, 34-35).

ITABs had thus secured a formally recognised position within the policy framework, a matter of some importance to unions which supported tripartite bodies wherever possible as a means of achieving assured access to Federal and State policy making, in preference to the less secure route through advisory bodies where membership was by invitation.

Employers, although equally coopted into the new institutional framework, remained less enthusiastic about the whole approach of competency based training. Some employer bodies, such as the Business Council, joined educational critics in arguing for the inclusion within the standards framework of attitudes as well as narrowly defined skills (BCA, 1991, 10). The Business Council also proposed that ITABs be rechart-ered with clearer objectives and a sunset clause on their mandate (BCA, 1990, 15).

In the early 1990s the Australian Chamber of Commerce and Industry called for the discontinuance of the ASF system and the closure of the NTB (ACCI, c1993, 3). Generally, business remained concerned with the industrial relations origins of competency based training, fearing they would be required to pay for skills gained by the employee rather than skills required and used by the employer (ACCI, c1993, 9-10).

Concerns were if anything greater among small businesses and were reflected in a House of Representatives inquiry.

> There is a perception that the move to competency based training will only result in a cost to employers without any consequential benefits. (HRCEET, 1991, 38)

As Sweet pointed out, the employers most likely to employ students and school leavers - smaller employers and service sector employers - were the ones least involved in the training reform agenda and the ones excluded from the

> 'training club' ...made up of big business, big education and big unions. (Sweet, 1993 2, 6)

Nevertheless, a new institutional framework had been set in place and received its capping stone when a Special Ministerial Meeting in November 1990 agreed to adopt a national approach to the recognition of competencies, a decision finalised in March

1992 when a subsequent Ministerial Council acceded to the National Framework for the Recognition of Training (NFROT) (Lundberg, 1994, 19).

Resetting the Agenda

The Deveson Review

By 1990, Minister Dawkins was ready to return to the unfinished task of agenda setting. In the first stage, a flow of official rhetoric had pictured TAFE providers as unresponsive and out of touch with the reality and needs of industry. The second stage involved promoting the suggestion that even a reformed TAFE system would simply not have the physical capacity to absorb the demands which a series of government economic and social policies would let loose.

According to a former General Manager of the State Training Board, Victoria who had earlier served in Dawkins' office, the push for greater federal control was made up of two strands: public inquiries like those led by Deveson and especially Finn, to establish the enormity of the need for resources in the VET system; and a Working Party under the Special Premiers' Conference process to make the link between resources and system management (interview, Burford, 13/2/96).

The strategy from the Commonwealth perspective was clear enough: it was based on alarming the States about the potential costs to their TAFE systems of the increased training load expected to result from award restructuring and to serve notice on relevant policy communities that the price of assistance from the Commonwealth would be a further notch in the level of federal control. To initiate the process, DEET commissioned COSTAC to undertake a study of the training costs of award restructuring (COSTAC, 1990). The report of the COSTAC Working Party indicated that costs to States would rise significantly over a period of three to five years (Junor, 1992, 51).

To ensure States did not miss the point, a team of senior DEET officials toured TAFE administrations to brief officials on the outcomes of the COSTAC Working Party.[3] The COSTAC report was formally submitted to a meeting of federal and State Labour Ministers in May 1990, who agreed to the establishment of a joint Commonwealth/State Committee of Inquiry, to be headed by a prominent business figure, to establish the dimensions of the problem.

A committee of review was created under the Chair of Ivan Deveson, then Chief Executive of Nissan Australia and Chair of the State Training Board of Victoria. It contained a representative from an Industry Training Advisory Body, a recently retired Director General of TAFE, and an academic economist. More significant was the composition of the committee secretariat. Sweet has pointed out that there is

> a not uncommon concern among educationalists that the agenda is being dominated by the interests of business, a view generally based on the fact that business leaders such as Deveson, Finn and Mayer have chaired recent national committees of inquiry.
>
> Whilst business leaders might have chaired these inquiries, the majority of members of the last two were public servants, and all recent national education committees of

[3] The present writer was one of the South Australian officials involved in meeting the DEET team. There is no doubt their prognosis, although largely unquantified, was a serious cause for concern and brought developments within the TAFE sector to the attention of central agencies (Premier's Department and Treasury) essentially for the first time. Paul Albert confirmed a similar reaction in Western Australia [interview, 22/1/98].

> inquiry have had their secretariats composed almost exclusively of public servants...the capacity of the private sector genuinely to shape the agenda is accordingly diminished. (Sweet, 1993, 2)

The Deveson Secretariat was headed by a DEET official, but included representatives from the authorities administering TAFE in Victoria, Queensland and South Australia[4]. The private sector was not without influence, but this came primarily from submissions of, and consultations with, the principal employer bodies, the Business Council and the Australian Chamber of Commerce and Industry. It was largely for this reason that the secretariat was based in the Melbourne DEET offices. The union movement was unofficially involved through committee member Cassandra Parkinson, manager of the Textiles, Clothing and Footwear ITAB. Parkinson had formerly been a full time union official and maintained close links with the ACTU.

The inquiry commissioned a study of the likely training costs of award restructuring. The study found, and the committee endorsed the conclusion, that training costs would be much less substantial than indicated in the COSTAC report, that implementation would be much slower and that a substantial part of costs would be absorbed by private industry (Green and Mills, 1990, 78). A second commissioned study reviewed current industry training expenditure and found that it was almost as large as public expenditure and projected to increase more rapidly (Pappas, Carter, Evans and Koop, 1990, 5).

Having dealt with the basic issue, the committee was free to explore key elements of the DEET agenda for change. One was agreement to remove the federal legislative impediment to States' charging tuition fees. Essentially this process involved negotiation between the secretariat and committee member Parkinson, as a conduit for the views of the ACTU. The position was complicated by a commissioned report which showed convincingly that tuition fees would reduce equity in access to TAFE (Powles, 1990). On the other hand, work by the secretariat which showed that States had developed 'a bewildering array of fees and charges' to 'accommodate' the present legislative restriction convinced key policy actors that removal of the formal barrier was justified, although high fees were not (Deveson, 1990, 68).

There were several other items on the Commonwealth's agenda which were progressed, in greater or lesser degree, by the Deveson report.

> A second Commonwealth goal was to revitalise a notion, first put forward in the DEIR 1985 submission [to the Hudson review of TAFE funding], that vocational education was not a community service but a training market, which like all markets, would work more efficiently with greater competition. Third, recommendations were made for increased TAFE funding by all governments, but only in return for greater productivity and scrutiny. Finally, mention was made of a major Commonwealth theme: competency based rather than time served training. (Ryan and Hardcastle, 1996, 241)

In practical terms, the principal outcomes of the Deveson review were removal of the legislative barrier to fee charging in TAFE and a recommendation that all governments increase their funding for TAFE by five per cent on an annual basis. This was implemented by the Commonwealth, although not explicitly by the States.

[4] The present writer was the South Australian Secretariat member.

MOVEET and VEETAC

Experimenting with Intergovernmental Forums

The most important result of the Deveson review was not so much the report's content as the forum in which it was received. From the perspective of a Commonwealth Minister promoting reform of the vocational education and training sector, the Australian Education Council (AEC), the normal venue for Federal-State initiatives in education, had several drawbacks.

One problem was that the AEC, made up of Education Ministers from all States and Territories, reflected the traditional educational values of those Ministers' advisers and their greater interest in school rather than post-school education.

Two other aspects made the AEC a less desirable forum for a reforming Commonwealth Minister. The AEC had an independent secretariat, located for many years in Melbourne; preparation of the agenda was therefore outside the control of the Commonwealth Minister's department. Moreover, since each Minister took it in turn to fill the role of Chair and host for AEC gatherings, the Commonwealth Minister would not normally have the advantage of presiding during meetings.

Dawkins had experimented with other formats. For the establishment of the NTB he had called Special Ministers' meetings made up of a mix of Labour or Employment and Education Ministers, depending on State arrangements for the management of vocational education. To establish the Deveson Review, he had utilised a long standing Ministerial body made up of Ministers of Labour (known as MOLAC). To receive the Deveson Review he again called a mixed Special Ministers meeting. It was at these meetings that Dawkins began to sound out State Ministers informally on a greater Commonwealth role in TAFE, although not yet using the term 'take-over' (interview, Rann, 11/3/98).

There is no evidence that the Ministers responsible for vocational education and training whom Dawkins called together in November 1990 to endorse the Deveson Report had thought of themselves as a new, standing intergovernmental forum. However, Dawkins saw the potential for a new ministerial council as a vehicle for progressing his national training reform agenda, and persuaded ministers attending to transform their participation into a permanent body, the Ministers of Vocational Education, Employment and Training (MOVEET) (Hegarty, 1994, 29; Ryan and Hardcastle, 1996, 242).

MOVEET differed from the AEC not only in a more specialised membership but in the fact that the Commonwealth provided the Council's secretariat and the Commonwealth Minister was permanent Chair. State Ministers accepted the Commonwealth's offer in this respect as an economy measure, apparently without considering the dominance the Commonwealth would gain in framing policy and writing the detailed minutes of decisions.

Perhaps more important than MOVEET, which conformed to an established pattern in Federal-State relations, was the creation of a supporting officials body, VEETAC (Vocational Education, Employment and Training Advisory Committee). This was a substantial innovation, because in addition to the usual cast of State, Territory and Commonwealth Chief Executives, VEETAC also contained paid officials of the Australian Council of Trade Unions and the Confederation of Australian Industry

(later Australian Chamber of Commerce and Industry) (Hegarty, 1994, 29; Lundberg, 1994, 21).[5]

At the same time, COSTAC was abolished and the previously independent Australian Conference of TAFE Directors (ACTD) was subsumed into the VEETAC committee structure, initially as the TAFE Operations Committee, soon afterwards as the National TAFE Chief Executives Committee (NTCC). ACTD had been an important body in intergovernmental relations as it was a long standing national cooperative body set up by the States themselves, which had successfully carried out important national projects, such as a uniform structure of academic awards in TAFE, without Commonwealth participation.

The Managing Director of NSW TAFE was later to point out

> I think it is important to remember that 'before ANTA', and even before the Commonwealth's offer [to take control of TAFE], we were working steadily towards a more effective national system in terms of national monitoring and accountability measures, credit transfer, national recognition, competency based training and curriculum development cooperation, not insignificant achievements in a federal context. (Ramsey, 1993, 6)

While some of the achievements cited dated from the VEETAC era, some long preceded it. In particular, TAFE systems had begun the development of national curricula in the 1970s and established a permanent body for this purpose, the Curriculum Projects Steering Committee (CPSG) in 1982 (Goozee, 1995, 95). This body had later been renamed the Australian Committee on TAFE Curriculum (ACTRAC).

In September 1991, while retaining the same acronym, ACTRAC was transformed into the Australian Committee on Training Curriculum, reporting directly to VEETAC and including two representatives each from the Confederation of Australian Industry and the ACTU. A for-profit proprietary company, ACTRAC Products Pty Ltd, which ACTD had established to market TAFE curriculum materials, also became subject to VEETAC.

VEETAC Operations

VEETAC took over a number of ACTD Committees, such as those on women, physical facilities and TAFE statistics and also established a great number of working parties of its own. These working parties represented the essence of the Commonwealth's training agenda.

> A wide variety of VEETAC Working Parties began to pursue the Commonwealth agenda in national curriculum development, the identification of occupational competency standards...the promotion of market forces in TAFE and the management and coordination of TAFE and Training on a national basis. (Ryan and Hardcastle, 1996, 242)

The changes meant not only a reduction in the independent influence of TAFE Chief Executives formerly exercised through ACTD, but an intrusion by VEETAC, with its Commonwealth, business and industry representatives, into what had previously been the independent managerial responsibilities of State TAFE agencies. For example, Deveson had recommended that increased public funding for TAFE be accompanied by greater scrutiny and efforts to improve productivity (Deveson, 1990, 40). VEETAC in April 1991 established a Working Party on Efficiency and Equity

[5] Lundberg erroneously adds the Business Council of Australia to VEETAC membership.

Reviews in TAFE, based to some degree on the discipline review panels operating in higher education.[6]

An even more direct intervention in TAFE administration was implied by the VEETAC Working Party on TAFE Governance and Management.[7] This group was appointed in April 1991 and appointed research officers to travel to all State and Territory TAFE systems to review current administrative practices in relation to governance, business activities, devolution, management of educational programs, financial, physical and human resources management and external influences (Working Party on TAFE Governance and Management, 1992).

The Working Party's report completed for the VEETAC meeting in February 1992, did not greatly advance the Commonwealth's agenda. In particular, no conclusions were reached suggesting the need for substantial change to TAFE governance arrangements and some doubt was cast on such changes as had occurred in States which had moved closer to the federal model of administration.

> Some relevant TAFE agencies reported very cautiously on any perceived present or future benefits arising from the recent mergers between the TAFE and employment sectors forming State TAFE departments with an employment focus. Furthermore, the external influence of training authorities in the States where they existed [is] traditionally viewed with considerable concern by the State and Territory TAFE agencies, particularly in relation to funding matters. (Working Party on TAFE Governance and Management, 1992, 104)

This last concern was to prove justified in the case of the VEETAC Working Party on Labour Market Programs, which led directly to the Commonwealth offer to take over State TAFE systems. In relation to the Governance and Management Working Party, however, the Commonwealth simply pushed for a further principles paper to complete the Working Party's task (Working Party on TAFE Governance and Management, 1992, Preface).

This task was undertaken by a consultant, a well known academic expert on Commonwealth-State relations, Professor Wiltshire of the University of Queensland. He proceeded through a discussion paper (Wiltshire, 1991), which was workshopped by a meeting of representatives of all governments, and finally a principles paper (Wiltshire, 1992). The final document proposed greater autonomy for TAFE colleges and for TAFE system administrations and supported increased commercialisation of TAFE activities. However, it also called for

> a genuine partnership between Commonwealth, State and Territory governments [which would] clearly recognise the State and Territory governments' historical responsibility for the provision of TAFE services - and consequent accumulated collective expertise, and responsiveness. (Working Party on TAFE Governance and Management, 1992, ii-iii)

The Wiltshire principles did not encourage greater Commonwealth control and VEETAC did not pursue further attempts to examine State systems of TAFE administration. However, Professor Wiltshire's services were to prove valuable when, at the nadir of relations after the takeover offer, he emerged as an independent chair of intergovernmental meetings, acceptable to all sides.

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[6] The present writer was Executive Officer of this Working Party.

[7] The present writer was Executive Officer of this Working Party.

The Finn, Mayer and Carmichael Reports

Finn Report

The final stage in federal agenda setting came with the Finn Report on Young People's Participation in Post Compulsory Education (Finn, 1991) and the ESFC's review of entry level training (Carmichael, 1992).

The Finn Report was formally a report of the Australian Education Council and had been under consideration for some time. In fact, the AEC at its meeting in October 1988 had established an officials' working party on links between schools and TAFE. This report had been received in June 1990 and a further officials' group had been instructed to prepare a discussion paper and agenda for a national review of post compulsory education. At the December 1990 AEC meeting enthusiasm had grown sufficiently for the announcement of a major national inquiry, to be chaired by Mr Brian Finn, Chief Executive Officer of IBM Australia (Goozee, 1995, 152).

As had become the pattern for such inquiries, a relatively thin veneer of industry involvement (the Chair and two other members, including Laurie Carmichael representing the union movement) was counterbalanced by five senior State and Commonwealth officials and a secretariat drawn from State and Federal Agencies (Sweet, 1993 1, 13; Finn, 1991, 2-3). A lengthy set of terms of reference (Finn, 1991, 2) amounted to four broad issues:

- the appropriate form and level of a new national target for participation in post compulsory education and training;
- national curriculum principles designed to enable all young people to develop key competencies;
- the means by which links could be drawn between different education and training pathways; and
- the appropriate roles of schools, TAFE and higher education in the provision of post compulsory education and training for young people. (Goozee, 1995, 152-153)

The Finn Report recommended setting age based targets for participation in different levels of education and training. When presented to a joint meeting of the AEC and MOVEET in October 1991, all governments endorsed a target that 95 per cent of 19 year olds should have completed Year 12 or an initial post school qualification by 2001. Ministers also endorsed an Education and Training Guarantee to provide a place at school or in TAFE for all young people for two years beyond Year 10. The Commonwealth and most States also endorsed targets which would see all 18 year olds reach Year 12 or ASF (Australian Standards Framework) Level 1 standard by 1995 and almost all 20 year olds reach ASF level 2 (or studying) by 2001 (Marginson, 1993, 156).

The 95 per cent of 19 year olds target was subsequently reduced to 90 after the Carmichael Report, while a further target of 50 per cent of 22 year olds possessing or studying towards ASF level 3 was amended at the next ministerial meeting to 60 per cent (Marginson, 1993, 156).

The Finn Report also described what it considered to be core competencies to be achieved by all young people from their educational experience and recommended that this matter be followed up by a further investigation (Finn, 1991, 57-58). The report also argued for the convergence of general and vocational education and more flexible pathways among educational sectors (Finn, 1991, 5-7 & 94-107).

According to Sweet,

> The participation targets that it set, while appearing bold, were in some ways deliberately ambiguous. This reflected a combination of differences between the Commonwealth and the States, differing State views on the respective roles of schools and TAFE in post compulsory education, and a long standing Australian reluctance, compared to other OECD countries, openly to concede an explicit role for schools in vocational education and training....[The Finn targets] could readily be implemented without disturbing the existing balance between the sectors - schools, TAFE and universities. (Sweet, 1993, 13)

This is something of an overstatement at least in regard to the envisaged role of TAFE. Certainly the respective roles of schools and TAFE could be blurred in relation to numbers (if not in relation to degree of vocational content) but there was a clear bias towards TAFE expansion in relation to universities - between 1991 and 2001 Finn argued that the number of 15 to 19 year olds in TAFE should increase by 55 per cent, while the numbers in higher education should increase by 19 per cent (Marginson, 1993, 156).

Mayer and Carmichael Reports

The Mayer and Carmichael reports continued the agenda setting initiated in Finn. The Mayer Report on key competencies (Mayer, 1992) was even more specifically an educationalists' venture, While Eric Mayer (former Chief Executive of National Mutual Life Assurance Company) occupied the chair of the committee, and two business and two industrial union representatives were members, these were a small minority compared to the 23 Federal, State and Territory education officials or representatives of teacher unions (Mayer, 1992, 56). The Committee received 540 written submissions, only six being from industry employers (Ryan, 1994, 9).

The Mayer Report proved to be an important document, specifying areas of key competence to be achieved by all students by the completion of Year 12. It represented a considerable maturing of the debate on vocationally relevant competencies from the industrial relations driven specific vocational competencies which formed the basis of the Australian Standards Framework (Stevenson, 192, 51; Collins, 1993. 4). However, it has not had an impact on the development of the national institutional structure in vocational education and training.

Within vocational education, greater attention was paid to the Carmichael Report (Carmichael, 1992). This was a report of the ESFC which reaffirmed the Finn Report's target setting (while slightly modifying the target for 19 year olds) and reinforced the desirability of multiple pathways for the achievement of these targets (Carmichael, 1992, vii-viiii).

Carmichael differed from Finn in demonstrating a much greater enthusiasm for vocational training in schools, suggesting in fact that TAFE should vacate entry level training in favour of school and work based provision and move more towards specialisation in advanced vocational education and training (Carmichael, 1992, viii).

The Carmichael Report proposed the development of an Australian Vocational Training Certificate as a generic award for entry level training however delivered. It differed from the Finn and Mayer Reports by re-emphasising vocationally specific competencies assessed in the workplace, expressing an ill-defined hope that these would in some way 'underpin' the acquisition of Mayer generic competencies (Carmichael, 1992, 26-29).

A number of pilot projects were undertaken experimenting with more diverse education and training pathways, but the evaluation of these pilots was never published and the unpublished documentation indicated that the achievement of

vocational outcomes among school students was a much harder, slower and costlier process than the Carmichael Report had envisaged (Ryan, 1997, 10; NCVER, 1994).

The importance of the Carmichael Report lay not so much in its content as in its provenance. Although the Finn Report had given prominence to the role of TAFE, and had two TAFE representatives on the committee, it had a multisectoral perspective and was a creation of the AEC rather than MOVEET. According to Burford, a former adviser to Minster Dawkins, the principal purpose of the Carmichael Report was to repatriate the idea of educational targets to the VET sector - to place a specific VET brand on what had by now become an accepted community goal (interview, Burford, 13/2/96).

Outcomes

In relation to the focus of this study, the principal outcome of the Finn, Mayer and Carmichael Reports was the sense they engendered in relevant policy communities of a pressing need to expand post compulsory provision, especially in the TAFE and training sector. The issue, as with competency based training and award restructuring, was what would be the costs of expanded provision and from what source would resources be provided.

The nature of this TAFE sector concern is reflected in the contemporary South Australian departmental briefing on the resource implications of the Finn Report. The TAFE Department, like other TAFE agencies, felt that the Finn Report's prediction of a 54.7 per cent increase in TAFE 15-19 year old enrolments to occur by 2001 was probably too great, but was concerned that Finn had assumed that the courses an expanded cohort would follow would continue to lie mostly in the field of apprenticeships and traineeships.

Since the main thrust of the Finn Report rationale concerned the collapse of labour market opportunities for young people, it seemed inconsistent to assume that this past pattern of training, which depended on prior employment, would continue to dominate youth enrolments in TAFE. An increase in full-time enrolments seemed more likely, and more costly.

> Given that the Finn report illustrates the near collapse of the teenage labour market, it seems impossible to assume that either the trend or target rates of growth posited by Finn can be achieved from students who need to be in employment. In short, Finn somewhat overstates the likely numbers for TAFE but greatly underestimates the cost. (SADETAFE, 1991, 4)

The meeting of the AEC and MOVEET which received the Finn Report in August 1991 had established a Working Party of senior officials to consider implications of the Report. However, increasing concern at likely resource pressures caused MOVEET in October to appoint a further committee to analyse the resource implications of Finn.

Chaired by the Managing Director of the NSW TAFE Commission, this group (the Ramsey Committee) worked rapidly to produce a comprehensive report for the November 1991 MOVEET meeting.[8] The Ramsey Committee demonstrated that if the Finn Report targets were adopted there would most likely be a movement towards longer courses and more full time study. The consequent resource requirements would be far beyond the capacity of States to finance. The committee therefore argued for an

[8] The present writer was a member of the Ramsey Committee's technical group.

immediate grant of $100 million from the Commonwealth, with the question of future funding left unresolved (Ryan and Hardcastle, 1996, 244-245).

Beyond the question of resources, a major outcome of the reports, especially Finn, was to shift the focus of debate from an educational policy community to a broader audience with a more specifically economic focus. By securing widespread government and community endorsement of the Finn Report a significant shift had been effected in the acceptable rhetoric and dominant players in the policy debate. One of the Finn Committee's consultants described the thinking of this wider policy audience.

> The Commonwealth and State governments, employers and the unions generally [believed] that the education and training systems were captured by the liberal progressive educationists in the 1970s, and that an artificial barrier was drawn between the curriculum and the labour market. [Governments] have adopted an economically instrumentalist approach to education and training...they wish to harness education and training to the task of creating a highly skilled workforce capable of operating at the technological cutting edge and forming the basis of an internationally competitive national economy. (Freeland, 1991, 122)

Conclusion

This chapter has reviewed a number of significant developments which paved the way for the Commonwealth's offer to take over State and Territory TAFE systems. Minister Dawkins as policy entrepreneur had acted on two fronts: one involved active policy innovation in Federal-State relations; the second, a return to agenda setting through the use of Committees of Inquiry.

Within the sphere of intergovernmental relations, Minister Dawkins had moved, as circumstances allowed, on two axes. Where he was in a position to dictate terms, he had no hesitation in adopting a directive approach. This was evident in his alterations to Commonwealth financial assistance to TAFE, in his changes to federal advisory mechanisms, in the adoption of a resource agreement methodology for enforcing Federal Government objectives and through his abrogation of the Federal-State Fees Abolition Agreement.

At other times, where his freedom of movement was more circumscribed by the established processes of Commonwealth-State relations, Dawkins developed substantial innovations in intergovernmental institution building. This approach included the extension of the joint federal/State limited company format from the relatively uncontentious area of VET research (the TAFE National Centre for Research and Development) to a much more policy sensitive area (the National Training Board).

Where some of Dawkins' initiatives, such as the resource agreement process, reflected the managerialist values of the Hawke government, others illustrated its corporatist leanings. This was particularly the case with the creation of VEETAC and the reform of ACTRAC along corporatist lines. These measures allowed the Federal Government much greater access to internal State responsibilities, even in the area of governance and management, and provided it with generally supportive allies from the national representatives of the industry parties.

In its agenda setting, the Commonwealth succeeded in establishing a widespread belief that there would be such expansion demands placed on the TAFE sector in the immediate future than a continuation of present, State dominated resourcing could not remain a viable option.

It was an agenda which, through the means of formal inquiries nominally headed by business figures, had drawn in broader groups than the traditional VET policy community or training club, although important areas, such as small business and local union organisations, were not part of the agenda setting process. The Commonwealth had also created a firm linkage between vocational education and industrial relations policy issues.

Towards the end of 1991, therefore, a climate of expectation had been built which would not allow ‘business as usual’ to continue in TAFE and Training. It was at this point that Minister Dawkins publicly unveiled his plan for a total federal take-over of the sector.

6

Emergence of an Agenda for Commonwealth Control

Introduction

This chapter examines the emergence of a specific proposal to transfer control of TAFE and Training from State and Territory administrations to Commonwealth jurisdiction. This proposal was a logical although not inevitable consequence of the agenda setting undertaken by Minister Dawkins and described in the previous two chapters.

The scope for such an agenda derived largely from the value realignment caused by the adoption of a corporatist managerialist ethic within the federal government, Similarly, managerialism provided a further trigger device for Dawkins' policy entrepreneurship when it led to the creation of a new process of broadly based political reform of Federal-State relations.

The Hawke Government's New Federalism initiative, launched in June 1990, developed into a major experiment in restructuring intergovernmental relations in Australia. While vocational education seemed initially to be only marginally involved in the issues under consideration, the sector soon moved to the forefront of Federal-State confrontation, most intensely after the accession of Paul Keating to the Prime Ministership.

New Federalism and the Special Premiers' Conference process provided the opportunity for participants in the training policy community, who were dissatisfied with the settlement achieved in the 1970s, to push a new agenda, albeit one which drew on older, competing perspectives on the role of technical and vocational education: the conflict between the narrow utilitarian training model and the liberal, egalitarian educational view.

As a TAFE Chief Executive put it,

> There are really two struggles going on. The first is a struggle about what the future of federalism will look like in Australia....Enough to say that the fact that TAFE is

> central to the debate on the role of Commonwealth and States and Territories is incidental. It could just as easily be a debate about electricity or health.
>
> The second one is a complex struggle about the relationship between education and industry and about ownership of vocational education. (Schofield, 1992, 1)

During the 1970s, the prevailing nation building consensus and individual self-development ethos linked easily with the promotion of educational values in vocational education. The alternative instrumental value system was never wholly absent from discussion about TAFE and Training, but was frequently overridden by those asserting the broader educational role played by TAFE.

> A further view deals with the struggle between two warring tribes - the Education Tribe and the Training Tribe. Because the education profession in Australia has not had a healthy debate about vocational education, in the 1980s it lost its way, caught in the labyrinth of competing and often contradictory and conflicting demands made of its members. The Training Tribe, persistently ignored... seized the initiative and gave TAFE a really hard shake. (Schofield, 1992, 5)

Dawkins' views, set out in the series of documents analysed earlier, were overwhelmingly instrumentalist, although acknowledging social justice concerns. In Schofield's terms, he had assumed leadership of the Training Tribe and thus had access to a traditional rhetoric, appealing to at least some forces in industry, and capable of presentation to the general community as a 'common sense' approach focused on employment and economic development.

Equally it gave access to allies within State training bureaucracies, especially the Industry Training Commissions which were the descendants of Apprenticeship Boards of earlier eras and had, in that capacity, long contested the value system of the professional educators in TAFE institutions and bureaucracies. Dawkins used these advantages skilfully to create the policy window.

The Special Premiers' Conference Process

Setting up the Process

The principles of corporate managerialism, which provided the theoretical underpinnings for the Hawke government's program of economic and public sector reform, came to prominence again in the Special Premiers' Conference (SPC) process. The SPC series, initiated at the June 1990 annual Premiers' Conference, included two successful Conferences in October 1990 and July 1991 but collapsed with the cancellation of the scheduled Conference in November 1991.

The process was reinstated in more limited form by Prime Minister Keating in May 1992, as the Council of Australian Governments (COAG). VET, TAFE and Training remained significant issues during the COAG stage and the establishment of the Australian National Training Authority (ANTA) was one of the most tangible outcomes of this period of 1990s New Federalism.

It is fundamental to the Australian political system that

> when Australian governments choose, or are forced, to face up to a common problem or crisis their federal inheritance comes into question. (Carroll and Painter, 1995, 3)

The managerialist impetus, originating within some State administrations in the late 1970s, had been adopted by the Hawke Government after its election in 1983. At federal level it was greatly intensified after the foreign exchange crisis of 1986 and the machinery of government changes in 1987 (Painter, 1987; Fletcher and Walsh, 1991,

20). The remaining frontier for managerialist initiatives, seen as crucial to further microeconomic reform, lay in the arena of intergovernmental relations.

> While intergovernmental activity had grown substantially in Australia, especially since the mid 1970s, little of the new managerialism was directed towards intergovernmental management, although attempts by the states in the mid 1980s to put so-called 'overlap and duplication' on the agenda at Premiers' Conferences presumably reflected their frustrations on how intergovernmental relations impacted on their capacity to manage their own affairs. Once the commonwealth began to recognise its relative impotence, acting on its own authority alone, to achieve its declared objectives for the national economy and the public sector as a whole, it became obvious that the support of other governments needed to be secured, and their participation 'managed' appropriately. Intergovernmental managerialism became a vital concern. (Fletcher and Walsh, 1991, 21)

As outlined in chapter two, Australia has experienced three New Federalisms movements in the last quarter of the twentieth century. The Whitlam Government promoted a strongly centralist model of federalism. The Fraser administration proposed a significant reversal of its predecessor's direction, although in practice progress towards greater centralisation of power was scarcely abated under Fraser's nominally decentralist policies (Head and Patience, 1989; Fletcher and Wash, 1992, 602).

Fletcher and Walsh have argued that, while the Hawke New Federalism was intentionally cooperative, because of its managerialist origins it was highly central, with policy initiatives concentrated in the Prime Minister and Premiers and their departments and other central agencies. Line departments were held, as far as possible, at arm's length (Fletcher and Walsh, 1992, 602).

Because of the managerialist emphasis on simplicity of administration and tidy divisions of responsibility, the SPC process was flawed by its presentation of federalist issues as if the Australian constitutional framework were structured along textbook coordinate lines, without omnipresent overlapping of functions. As has been argued in Chapter 2, modern federalist theory in Australia suggests that the Australian federation is inherently concurrent, with constitutional responsibility shared so that

> the challenge for governments lies in managing *shared* responsibility in ways that are appropriate for implementing the often diverse purposes of multiple governments in particular policy areas. (Galligan and Fletcher, 1993, 3)

What Galligan and Fletcher term the 'coordinate misconception' was evident throughout the entire SPC process (Fletcher and Walsh, 1991, 40) and complicated the development of national institutions in vocational education and training as govern-ments sought to clarify lines of demarcation. Eventually, attempts to establish simple boundaries in vocational education were abandoned and a new form of Commonwealth and State institutional structure emerged through the creation of the ANTA Ministerial Council, a body explicitly based on a concept of concurrent federalism.

Initially, though, the SPC process was aimed at eliminating what were seen as areas of

> avoidable and unnecessary overlap between the layers of government in relation to functions, the provision of services, and regulations. (EPAC, 1990, 6)

This perceived overlap had come seriously to concern governments by 1990. The New South Wales Cabinet Office prepared a paper for the 1990 annual Premiers' Conference entitled 'Microeconomic Reform of Commonwealth/State Relations' which argued for agreement on a "coherent and rational division of functions and responsibilities" for the Commonwealth and the States (Galligan and Fletcher, 1993, 14). At the same time, EPAC was undertaking a survey of federal and State agencies

which revealed widespread dissatisfaction at duplication of staff and systems, excessive monitoring by Commonwealth agencies and uncoordinated provision of services (EPAC, 1990, 2).

Interestingly, all States in this survey mentioned TAFE as an example of unnecessary overlap. Tasmania chose to identify this as its second highest priority and probably reflected the views of other States in claiming that

> the Commonwealth has attempted to play a role in planning and the setting of priorities out of all proportion to its role in funding. (EPAC, 1990, 22)

The SPC Process in Action

At the 1990 Premiers' Conference Prime Minister Hawke indicated a willingness to engage in a process of review of Federal-State relations and in July he launched his New Federalism initiative in a speech to the National Press Club. Hawke's own account of his motivation mixed coordinate and concurrent visions, when he outlined his two immediate objectives.

> First, to establish in the public mind the urgency of the need to change our absurdly inefficient duplication of regulations and service delivery. Second, to propose...sustained and substantial processes to explore and map the areas where cooperation is not only desirable but realistically achievable. (Hawke, 1994, 528-529)

The principal agenda items proposed for the process of review, to be conducted through a series of Working Parties reporting to Special Premiers' Conferences, included:

- deregulation and structural change in government business enterprises;
- reductions in duplication of effort in service delivery;
- greater cooperation in national social justice strategy;
- increased coordination in industrial relations issues;
- the replacement of controversy and conflict with agreed processes in relation to the environment;
- a review of at least some aspects of federal/State financial relations. (Fletcher and Walsh, 1991, 9)

Hawke's proposals were well timed and received immediate support from the only Liberal Premier, Greiner of New South Wales. Greiner's vision, like that of his Cabinet Office, was primarily focused on a tidier vision of coordinate federalism, with the argument that

> much of the Commonwealth's intrusion into health, education and housing has been driven not by a legitimate national interest but simply by a desire to woo votes ...the commonwealth should vacate areas where the greatest inefficiencies are being imposed by federal Government duplication. (Fletcher and Walsh, 1991, 11)

As Fletcher and Walsh point out, Greiner even used the phrase 'layers of government'. On the other hand, he spoke also of 'competitive federalism', although this seems to mean mostly horizontal competition among States, and 'shared management principles to govern the design of programs' where the Commonwealth continued to play a role (Fletcher and Walsh, 1991, 11).

In his own account of the SPC process Greiner made some observations on the national interest which had considerable relevance to the debate which was to develop on control of vocational education and training. Greiner advanced an argument that the States and Territories collectively represented the national interest as much as the Commonwealth and were as competent to develop and deliver national priorities.

> There are those within the federal ministry and bureaucracy who believe that issues with a national dimension must involve the Commonwealth government....What we have discovered through this 'new federalism' process is that the concept of 'national interest' is both richer and larger than the interests of the Commonwealth government. (Greiner, 1992, 6)

South Australian Labor Premier Bannon, also a strong supporter of 'new federalism' who had made the need to overcome Federal-State duplication the theme of his 1986 Garran Oration, took a view similar to Premier Greiner's.

> National objectives and the national interest, be they in terms of macroeconomic management or other policy areas, cannot be regarded solely as the province of the Commonwealth....Uniformity of purpose may be more clearly defined when it results from negotiation, rather than by imposition by one tier of government. (Bannon, 1992, 4)

Thus, although the Premiers were concerned to ensure that 'new federalism' remained a two way street, with reforms to Commonwealth activities as much as to State, a climate of constructive cooperation had clearly emerged; as the title of Premier Greiner's account put it, "that 'obstructive spirit of provincialism' has been curbed" (Greiner, 1992,1).

Following from the decision to establish the SPC process in July 1990, a group of officials worked to prepare a substantial agenda and draft communique. The first SPC in Brisbane in October 1990 was concerned mostly with the creation of a climate of cooperation. Although an agreement to establish a National Rail Freight Corporation was the only concrete outcome, a wide ranging series of reviews was initiated in areas such as financial relations, government business enterprises, rationalisation in health, aged care, child care, housing and labour market programs, the provision of public infrastructure and reform of arrangements in industrial relations and the environment (Galligan and Fletcher, 1993, 17).

More important was the cordial atmosphere which resulted from the successful first meeting, with Heads of Government committing themselves to

> use this unique opportunity to maximise cooperation, ensure a mutual understanding of roles...and achieve significant progress towards increasing Australia's competitiveness. (Communique, 1990)

In this climate of success, governments undertook to develop a set of principles to guide the future of the federation. Because the SPC process collapsed before these could be agreed, their only formal status is an agreement between States and Territory Premiers and Chief Ministers. However, they reflected the consensus reached at the early SPC meetings. There were four principles agreed upon.

- The Australian Nation Principle – all governments recognised the imperatives of nationhood and the need to work cooperatively.
- The Subsidiarity Principle – responsibility for service provision should be devolved to the maximum extent possible consistent with the national interest.
- The Structural Efficiency Principle – increased efficiency in the Australian economy requires structural reform of the public sector to complement private sector reform.
- The Accountabity Principle – intergovernmental arrangements should promote democratic accountability and transparency of government operations. (Galligan and Fletcher, 1993, 16)

In the ensuing debate on vocational education, these principles and the spirit of cooperation which gave rise to them were not greatly in evidence. As one of the senior State officials engaged in the SPC process argued:

> Paul Keating slammed that window [of cooperation] shut in November last year [1991] and although he opened it briefly to promote his 'One Nation' reforms and the Australian National Training Authority, he did so in almost total disregard of the principles which made the Special Premiers' Conferences work. (Sturgess, 1993, 8)

In considering the future of vocational education, the subsidiarity principle was largely ignored by the Commonwealth (which admittedly had not formally committed to it), while the eventual agreement to create an Australian National Training Authority violated the accountability principle. This was because the eventual ANTA Agreement required Federal, State and Territory Governments to direct their VET resources into a combined funding pool, making it difficult for accountability agencies, such as parliamentary public accounts committees, to hold individual governments accountable for specific expenditures.

Significant gains in intergovernmental agreement were achieved at the second SPC in July 1991. Outcomes included

- mutual recognition of standards for traded goods and services, including occupational standards
- national heavy vehicle registration;
- formalisation of the National Rail Corporation
- coordination of the national electricity grid in south eastern Australia
- standards for monitoring government trading enterprises. (Galligan and Fletcher, 1993, 18)

The Re-emergence of Politics

The second SPC represented the high water mark of Hawke's New Federalism. Even at the time, it was noted that Treasurer Keating's lack of enthusiasm for the process boded ill for its continuation (Fletcher and Walsh, 1991, 18). In June 1991, Keating challenged Hawke unsuccessfully for the Prime Ministership and between June and December that year he maintained his campaign as a backbencher, making carefully judged speeches on issues which would differentiate his policy stances from Hawke's (Edwards, 1996, 440-441).

One of the issues which Keating chose for his attack on Hawke was 'New Federalism', or at least the possibility it had raised of a wider sharing of revenue raising powers between Commonwealth and States. Keating attacked the SPC process at a National Press Club lunch in October 1991, criticising its bureaucratic and secretive nature (Galligan and Fletcher, 1993, 18).

Hawke was overseas at the time and unable to respond immediately. As one of Hawke's staff described Keating's intervention, "not for the first time, Keating took advantage of Hawke's absence abroad to undermine him at home" (Mills, 1993. 260). Although Hawke could legitimately claim that Keating and Treasury had agreed to all the steps he had taken (Hawke, 1994, 533), Keating skilfully drew on the reluctance with which some Labor Party traditionalists were treading the path towards their party's reconciliation with federalism.

Galligan has argued that

> Hawke's 'New Federalism' was the product of larger processes of rethinking and restructuring that have been shaping Australia's domestic arrangements and place in the world....It presupposed the Labor Party's earlier reconciliation with federalism and a practical commitment to make it work better. (Galligan, 1993, 185)

Keating claimed that vertical fiscal imbalance, the States' primary interest in federalist reforms, was not a flaw but a desirable feature of the constitution, allowing the

Commonwealth to remain 'One Nation' (Edwards, 1996, 441; Mills, 1993, 260). As Hawke pointed out

> [Keating] had fertile ground, for a number of our colleagues detested the idea of any increase in the powers of the States, particularly where they could perceive that operating to their own political disadvantage. (Hawke, 1994, 533)

In fact, Keating was not so much retreating from his party's federalist reconciliation as arguing a version of concurrent as against coordinate federalism. In his view, rather than rationalising powers among levels of government as Greiner and the other Premiers wished, it was inherently desirable for the Commonwealth to retain a finger in almost any public policy pie.

> Hawke had formalised a program of discussions between the Commonwealth and state governments....Keating profoundly disagreed with this program of discussions, and over time modified them to focus on areas of cooperation where common problems could be addressed and solved. He was willing to form the COAG, for example, to develop within it agreements on national electricity, gas, rail and water cooperation. He was willing to create a new body, the Australian National Training Authority, to administer Commonwealth (and supposedly state) funding of technical education. (Edwards, 1996, 470)

Keating's intervention in the debate led Hawke to withdraw his agreement to a review of possible new methods of revenue sharing between Commonwealth and States. In return, States and Territories boycotted the planned Perth SPC meeting scheduled for November 1991 and instead met in Adelaide on the same days without inviting Commonwealth representation (Galligan and Fletcher, 1993, 18). The SPC process finally ended in December 1991, when Keating successfully toppled Hawke as party leader and Prime Minister.

Keating's accession did not wholly derail the 1990s policy of New Federalism, but its character changed. In good measure this was due to a new solidarity established among the States. Haward and Smith have argued that the experience of the States meeting without the Commonwealth influenced the preparation of Keating's 'One Nation" statement in February 1992 and "demonstrated the significance of the states" influence in engendering new federalisms" (Haward and Smith, 1992, 49).

Carroll and Painter have developed a similar case, pointing out that

> by the beginning of 1992 the experience of the material and political gains to be had from cooperation was sufficient to maintain the momentum. The states wanted to keep the process alive despite their disappointment....They advanced the position that they, as much as the Commonwealth, had a legitimate and constructive view of the 'national interest'. The Premiers proposed a 'Council of the Federation' and Keating responded by calling a heads of government meeting in April 1992, which agreed to reconvene the SPC process under the COAG label. (Carroll and Painter, 1995, 9)

In the earlier stages of the SPC process, the States had accepted some disappointing results. This was partly in the hope that agreement would be reached later on more vital issues, but to a considerable degree their cooperation reflected their own acceptance of managerialist principles. Even where States failed to gain worthwhile concessions from the Commonwealth, the SPC process reinforced managerialist values favouring a whole-of-government rather than specialist agency approach. One result was that Premiers and State central agencies regained a significant degree of control over their own line departments (Fletcher and Walsh, 1991, 33).

Moreover, States were prepared to accept sub-optimal outcomes where managerialist goals in relation to simplicity of administration were met. Marshall analysed this

process in relation to the Commonwealth's take-over of effective sole responsibility for university education.

> So far the states have tolerated commonwealth dominance. The high degree of congruence between federal and state goals, and the acceptance of the primacy of managerialist principles, have meant that the states have been willing to accept - with some dissatisfaction - their subordinate status. (Marshall, 1991, 19)

The SPC Process and Vocational Education

Such a conclusion in relation to universities would seem to suggest that the Commonwealth would not experience significantly greater difficulty in its attempt to take over State TAFE and Training systems. In fact, Dawkins believed that TAFE Colleges should be administered on the same basis as universities (personal (communication [phone], 15/1/98).

However, the growing acceptance of a concurrent view of federalism in the later stages of 'New Federalism' coincided with Prime Minister Keating's unwillingness to forgo the Commonwealth's rights in any policy category and with the increasing confidence of the States that they too spoke for the national interest. This combination of factors created a greater climate of resistance as the SPC process was transformed by Keating initially into Heads of Government (HOGs) meetings in May and June 1992, and thereafter into the Council of Australian Governments (COAG).

One clue to the resistance which appeared in the contest for TAFE can be seen in the Commonwealth's experiences in attempting to have its policy positions accepted in school level education. Lingard, Porter, Bartlett and Knight (1995) have examined the process by which the Commonwealth's attempt to dominate the agenda in this area was greatly modified by the existence of a long established federalist body, the Australian Education Council (AEC), which had acted as a national forum in education since 1936.

> Indeed it could be said that the AEC mediated the Commonwealth agenda so that it became more of a national agenda. In that context, for example, the strategic placement of 'collaborative' between 'national' and curriculum' in all AEC minutes and documents is significant. Furthermore, the federalist character of the recently created Ministerial Council of Employment, Education and Training and Youth Affairs in December 1993...is an indication of that very mediation at work. (Lingard et al, 1995, 45)

Contested views of the national interest were equally reflected in the Commonwealth-State confrontation over control of TAFE and the wider vocational education and training sector. In this case, a far more acrimonious process took place than the mutual adjustments which generally characterised the consideration of secondary education issues in the AEC, but the end result was essentially the same: acceptance of a concurrent federalist solution, in which the States as well as the Commonwealth claimed a role in setting the national agenda and in voicing the national interest.

Vocational Education Enters Sphere of High Politics

First Appearances

New Federalism and the SPC process provided an opportunity, a policy window, for TAFE and Training to re-enter the sphere of 'high politics' into which it had

previously been invited on only rare occasions. It was not apparent at the outset, however, that this would be so.

The first SPC in October 1990 had asked all Ministerial Councils to review overlap and duplication in service delivery, leading to a first, passing reference to TAFE and Training in the communique issued after the July 1991 SPC.

> TAFE and Training
>
> Leaders and representatives also noted the report of Ministers for Vocational Employment (sic), Education and Training on the work underway on the future arrangements for TAFE and Training in Australia. (Communique, 1991, 5)

At this early point in the SPC process, it appeared that HOGs' consideration of mutual recognition arrangements would be the issue which impinged most directly on the administration of TAFE, as competency standards for occupations were included in the areas subject to review. HOGs were assured that this matter was progressing well.

> Leaders and representatives noted that Ministers for Vocational Education, Employment and Training and Ministers for Labour had done considerable work on resolving significant differences between the States and Territories in their regulation of occupations. This work involves the cooperative development of administrative arrangements and national competency standards for occupations. (Communique, 1991, 7)

The aim was to develop a formal protocol for mutual recognition of goods and occupations for implementation from 1 January 1993 with the intention of introducing it into discussions with New Zealand on the Closer Economic Relations treaty (CER). While the question of occupational standards retained its relevance and led eventually to the National Framework for the Recognition of Training (NFROT), introduced from August 1992 (Hegarty, 1994, 39), it did not emerge as an issue of major significance in intergovernmental relations.

The Working Party on Roles and Responsibilities

At its July 1991 meeting the SPC had noted work in progress on duplication and overlap in vocational education. This work was undertaken by a Working Party on Functional Review of Roles and Responsibilities in Training and Labour Market Programs, established by the Vocational Education and Employment and Training Advisory Committee (VEETAC).

This Working Party had grown in importance since its establishment as the Working Party on Training and Labour Market Programs, its State members were initially from Industrial Training Commissions rather than TAFE agencies. It was thus originally an instrument of the training sector rather than the educational one.

As it became apparent that TAFE had emerged as the primary focus of the Working Party, and as its standing was upgraded by its designation as MOVEET's instrument for considering SPC issues, membership was expanded to include State TAFE agencies. Arguably, the Working Party's early composition influenced its final direction, but this should not be overstated as a factor since Minister Dawkins did not lack opportunities to put the question of a federal take-over of TAFE systems on the policy agenda.

The Working Party had been established in November 1990, after the first SPC meeting, based on broad terms of reference transmitted from MOVEET to VEETAC.

> (a) the Vocational Education, Employment and Training Advisory Committee (VEETAC) should examine the respective roles and responsibilities of the

> Commonwealth and the States in training and labour market programs, and options for improving efficiency and increasing flexibility.
>
> (b) this review should be conducted having regard to the framework and guiding principles endorsed by the SPC, and acknowledge the policy interests of the different levels of government. (VEETAC Working Party on Training and Labour Market Programs, 1991) [hereafter VEETAC WP, 1991]

The SPC in July 1991 had enunciated as a principle for reviews of overlap such as that conducted by the VEETAC Working Party that:

> In considering shared responsibility programs which include specific project approval by the Commonwealth, options should reflect the principle that Commonwealth involvement should be reduced to the greatest degree possible consistent with ensuring that agreed national objectives are met. (Communique, 1991, 4)

In the event, the Working Party Report, prepared for the aborted November 1991 SPC, produced a set of 20 agreed principles which nominally accorded with the Heads of Governments' directive, but in practice left ample scope for continuing Commonwealth involvement in TAFE and Training.

Some of the 20 principles implied a limitation on Commonwealth activity. For example, Principle (g) stated

> (g) that the role of the Commonwealth in direct program administration/service delivery should be limited to those areas in which there are
>
> - substantial efficiency gains or benefits to clients in Commonwealth administration or
> - overriding interests of national interest or national consistency
> - essential links to other areas of Commonwealth responsibility (eg taxation or income support). (VEETAC WP, 1991, 3)

While (k) argued

> (k) that responsibility for training regulation and accreditation should remain with the States/Territories while national consistency should be pursued through VEETAC and the National Training Board, with the latter giving a high priority to the development of national core competency standards. (VEETAC WP, 1991, 4)

Overall, however, the path the Commonwealth intended to follow was made clear in other principles

> (d) that consistent with the terms of the SPC communique, formal agreements should be negotiated between the Commonwealth and the States:
>
> 1. incorporating common and agreed statements of national objectives, priorities, commitments and processes, to be developed jointly and collaboratively by the Commonwealth and the States;
> 2. making allowance also for State-specific objectives and priorities;
> 3. providing for contractual and fee-for-service arrangements as appropriate (eg, in those cases where service delivery responsibilities are assigned exclusively to one level of government, or where one level of government has significant expertise or existing infrastructure). (VEETAC WP, 1991, 2)
>
> (e) that the agreements described in (d) above should be wide ranging rather than narrowly focused on individual components:

5. for example, covering vocational education and training as a whole rather than TAFE in isolation. (VEETAC WP, 1991, 3)

Establishing Options

The VEETAC Working Party Report, together with the release of the Finn Report which had become available to the Working Party in draft form, became the basis for the Commonwealth's attempt to take over TAFE and Training from State authorities. The Working Party strengthened the case which Minister Dawkins was making, based on the Finn projections for expansion of TAFE and Training, that a wholly new funding regime was required to secure the sector's financial future.

The Working Party estimated total public expenditure on VET at $2.3 billion in 1989-90 and more than $2.5 billion if the training component of labour market programs were included. This financial burden was borne 77.4 per cent by the States and 22.6 per cent by the Commonwealth, or, if labour market programs were included, 73.4 per cent by the States and 26.6 per cent by the Commonwealth (VEETAC WP, 1991, 6).

The Working Party suggested seven options for the future funding of TAFE and Training. These options were to become the basis for the future debate between Commonwealth and States and comprised:

(i) States to assume full financial responsibility for all publicly funded vocational education and training (including TAFE), under cover of a broadly based bilateral agreement. All Commonwealth Special Purpose Payments (SPP) to be absorbed into Financial Assistance Grants (FAGS).

(ii) States to take full financial responsibility for publicly funded vocational education and training beyond an education and training 'guarantee' to which States and the Commonwealth would contribute in broadly their current proportions.

(iii) A 'conditional' FAGS arrangements, involving full absorption into FAGS of a significant proportion of current Commonwealth support for vocational education and training, but retention of some direct financial involvement via an identified and conditional component of FAGS (payable on the advice of the responsible Commonwealth Minister that relevant agreements were being honoured and commitments met).

(iv) maintenance of current funding arrangements for vocational education and training.

(v) Commonwealth to assume financial responsibility for one or more identified components of vocational education and training, with appropriate adjustments to FAGS, as follows:

- a national program of catalytic support for training infrastructure and training innovation/development (involving a transfer to the States of a substantial part of the existing TAFE infrastructure program);
- funding of a unified system of structured entry level training;
- funding of higher education (diploma and associate diploma) courses provided by TAFE institutions;

(vi) Commonwealth to assume full financial responsibility for publicly funded vocational education and training beyond an education and training 'guarantee', to which States and the Commonwealth would contribute in broadly their current proportions.

(vii) Commonwealth to assume full financial responsibility for publicly-funded vocational education and training under cover of a broadly based bilateral agreement, with consequential adjustments to FAGS. (VEETAC WP, 1991, 7)

Several aspects of these options require fuller consideration. Financial Assistance Grants (FAGs) are the general, untied share of federal tax revenue paid to the States, which for many years after the wartime uniform taxation agreement were described, more accurately, as taxation reimbursement grants (these have now been replaced by Good and Services Tax revenue). All options affecting FAGs assumed that, if the Commonwealth undertook a greater funding role, States' general revenue through FAGs would be reduced proportionately; while options assuming a greater State burden in TAFE presumed a symmetrical increase in FAG revenues.

Thus, no option carried the benefits of earlier federal/State interchanges of the Whitlam era, such as the establishment of Australian National Railways, in which a loss-making asset was transferred from State to Commonwealth ownership in return for a large cash injection.

Moreover, transfers involving adjustments to Financial Assistance Grants introduced complexities into the calculation of Commonwealth Grants Commission (CGC) equalisation payments from the standard to the claimant States. Within the CGC processes, States are penalised for above standard expenditures, which are held to be decisions based on policy rather than necessity. As a result, permanent distortions of State financial bases could be institutionalised on the basis of factors applying at the time of FAGs adjustment (Walsh, Petchey, Smith and Fletcher, 1993, Paper 1).

A second complexity was added to the consideration of options by the proposal in the Finn Report for an 'Education and Training Guarantee'. Finn's recommendation 5.5 was that

> Governments should agree to introduce a post-compulsory Education and Training Guarantee whereby all young people would be guaranteed a place in school or TAFE after Year 10 for two years of full-time education or training or its equivalent part-time for up to three years. (Finn, 1991, 92)

Provision was made for this recommendation in the VEETAC Working Party's Option vi.

While proposals that young people should be encouraged to see TAFE options as equivalent to Year 12 completion had been commonplace for some time (for example, Fricker, 1984, 7), suspicions about cost-shifting between State and Commonwealth and the existence of multi-sector institutions meant that the task of developing concrete proposals, which would see all costs of what was considered to be the TAFE equivalent of Years 11 and 12 borne by the government responsible for secondary education, proved immensely difficult.

Eventually, although governments had agreed to the Guarantee in principle at the 66th AEC meeting in October 1991, the proposal quietly disappeared from the list of options debated and was removed from consideration by Minister Beazley in February 1992 (Beazley to Fahey, [letter], 26/2/92).

Considering the Options

The options listed in the July Working Party Report were repeated with expanded detail in a second report finalised in September as the MOVEET Report to the November Special Premiers' Conference (MOVEET, 1991), but no essential elements were added. To the contrary, as a South Australian Ministerial Briefing Paper noted,

> Apart from the status quo (Option 4) the options resolve themselves into three broad categories, viz:
>
> - Transfer of funds to the State with appropriate adjustment to FAGs (Options 1 and 2);

- Specific variations to the status quo (Options 3 and 5);
- Transfer of funds to the Commonwealth with appropriate adjustments to FAGs (Options 6 and 7). (Schofield to Minister Rann, August, 1991)

The remainder of the VEETAC Working Party Report (and subsequent Ministerial Report to Heads of Government) was concerned with highlighting the financial pressures facing the TAFE sector by reference to the projections and targets in the Finn Report and to the findings of the Deveson Report.

> The Deveson Report concluded that, even allowing for growth in private contributions to training on the part of individuals and industry, increases of five per cent per annum would be needed over the next five years in total government funding for TAFE and training (VEETAC WP 1991, 9).
>
> The Finn Committee analysed the likely sectoral and financial implications of its growth projections, developing both a 'target scenario' consistent with its long-term target and a trend scenario based on an extrapolation of trends since the early 1980s. The target scenario implies an increase in the number of 15-19 year olds in schools of some 14.3 per cent between 1991 and 2001, with corresponding increases of 18.5 per cent in higher education and more than 50 per cent in TAFE and other training. The trend scenario reveals a broadly similar pattern of growth between the sectors, although at somewhat lower levels in aggregate. (VEETAC WP 1991, 10)

Using a scenario based on achieving the Finn Report's targets for education participation, the Working Party estimated that recurrent costs over the next ten years would increase by some 48 per cent in TAFE, 28 per cent in higher education, and 22 per cent in schools (VEETAC WP, 1991, 11).

> Over and above these major increases in government recurrent outlays, there would be a significant requirement for additions to capital infrastructure for education and training....TAFE's shares of these amounts were estimated at $600 million [trend scenario] and $900 million [target] respectively. (VEETAC WP, 1991,11)

The key finding of the Working Party, providing an opportunity for increased Commonwealth influence in VET, was in para 25, p 13.

> The import of these estimates is that, if State governments were to be assigned the primary financial responsibility for vocational education and training, they would need either an appropriate shift in overall fiscal balance and/or a significant allowance in future growth of FAGS to reflect the expected increase in funding requirements for this function. The alternative would be a new set of financial requirements for vocational education and training involving an increase in the level of Commonwealth financial responsibility, as implied by options (vi) and (vii) of paragraph 9. (VEETAC WP, 1991, 13)

Opening the Debate

Armed with the conclusions of the Finn Report and of the VEETAC Working Party, Minister Dawkins, although not yet prepared to reveal his strategy for the future of TAFE and Training, began a publicity offensive. In a speech on 6 August, 1991, which he circulated to all State Ministers, Dawkins developed a rhetoric which linked his plans for vocational education to national survival in an era of global competition.

> This report [Finn] has been written at a time when Australia needs to make important decisions about the future shape of our education and training system as we approach the next century. Australia's workforce needs to be more flexible, productive, and better skilled and educated. If it is not, our nation faces an uncertain future. (Dawkins, 1991, 2)

According to Dawkins, it was not just a question of the quantum of education, but the neglect of vocational education.

> Together, schools and higher education have accounted for virtually all the growth in education and training among 15-19 year olds since 1983 (Dawkins, 1991, 4).
>
> Participation in TAFE was static between 1983 and 1989 and has actually declined over the last two years (Dawkins, 1991, 4).
>
> The disparate rates of growth across the post-compulsory education and training sectors raise some important questions. At a time when our international competitors are expanding their emphasis on vocational education and training, the principal elements of our training system appear static and vulnerable. (Dawkins, 1991, 5)

Dawkins went on to argue that there needed to be a breaking down of barriers between sectors and an improvement in basic skills like literacy and numeracy whatever educational path was chosen. His basic conclusion though was that:

> Finally, we need to balance the education and training sectors. This is an issue which involves complex questions about the supply and demand of skills and knowledge, our aspirations and our willingness to pay the price involved. (Dawkins, 1991, 8)

Dawkins spoke at a number of forums in coming months, although the first occasion which attracted media attention was early October 1991 (Australian Financial Review, [AFR] 2/10/91). Until then, debate about the future of vocational education remained within a fairly narrow policy community largely composed of officials and ministers.

On 9 August a combined meeting of the two Ministerial Councils, AEC and MOVEET, was held to receive both the Finn Report and the Report of the VEETAC Working Party. In relation to the Finn Report, the Councils agreed to release the report for public comment and appointed an officials committee drawn from VEETAC and the AEC Standing Committee to consider the Finn Report's recommendations and report to a Ministerial meeting on 7 and 8 November.

> In relation to the VEETAC Working Party, Ministers could not agree on a preferred option for sharing responsibilities between States and Commonwealth and directed that all options be sent on to the Special Premiers' Conference. (MOVEET Resolutions, August, 1991, Item 4)

However, the 9 August MOVEET meeting was noteworthy for the creation of a new national curriculum agency, the Australian Committee on Training Curriculum (ACTRAC). This step indicated that the ability of the sector to be institutionally creative within the existing framework of intergovernmental cooperation remained strong.

The new body was a continuation of interstate and Federal-State cooperation in curriculum development which dated from the Curriculum Projects Steering Group (CPSG) established in the 1970s by the Whitlam and Kangan era TAFE Council. CPSG had subsequently been renamed the Australian Committee on TAFE Curriculum. It was now integrated into the MOVEET and VEETAC structure, widening its charter beyond TAFE institutions and welcoming business and union membership to the committee.

ACTRAC was to consist of a representative of each State/Territory, two nominees of the Confederation of Australian Industry, two nominees of the Australian Council of Trade Unions, one nominee of the Commonwealth and a Chair appointed by VEETAC. (VEETAC Secretariat, 1991, 9)

Choosing Sides

The establishment of ACTRAC was the last flowering of the existing cooperative system of intergovernmental relations in vocational education and training. A second major development of the 9 August Ministerial Council was the fact that the Commonwealth finally showed its hand by expressing a preferred option for future funding arrangements. Its preference, not announced formally but discussed privately among officials, was Option 6, full Commonwealth funding beyond a shared funding for the Education and Training Guarantee. (Schofield to Rann, August, 1991)

South Australian Minister Mike Rann recalls that Minister Dawkins raised with him the possibility of an expanded Commonwealth role when giving him a lift from an official dinner the evening preceeding the 9 August meeting (interview, Rann, 11/3/98).

The need to choose sides in the TAFE debate began to intensify in September. The AEC/MOVEET Working Group on the Finn Report had met on 13 September and concluded its report for Ministers. However, it left unresolved issues involving intersectoral implications and funding questions. The outstanding funding issues encompassed both overall resourcing requirements and the distribution of burdens between Commonwealth and States (Finn Working Party, 13/9/91, para 3).

Minister Dawkins made his proposal for a Commonwealth take-over formally, although still at a private meeting of Ministers, at the next Ministerial Council meeting in October. According to Minister Rann, Minister Dawkins' proposal at a private meeting of Ministers led to a "monumental blue" (Lingard, transcript of interview, 18/1/1994).

According to Lingard and his collaborators,

> the 66th meeting was a tumultuous occasion set against a backdrop of Keating's mounting challenge to Hawke for leadership of the Labor Party and framed by the politics of new federalism and SPCs. Some evidence suggests that, during this meeting, the Commonwealth made a bid to take over TAFE from the States. Such a bid was vehemently rejected by the States. (Lingard, Porter, Bartlett and Knight, 1995, 54)

Lingard's interview with Rann in 1994 indicated that most States gave the proposal an immediate and hostile rejection, although a contemporary South Australian departmental briefing paper indicated that, while the Commonwealth's initiative was not welcomed, line agencies remained cautious (Schofield to Rann, 2/10/91).

This caution arose from the fact that the SPC process involved Premiers and central agencies reserving decision making rights for themselves. Whole of government decision-making was a central tenet of the managerialist approach, and at this point no line agency was quite sure what functions Heads of Government might be prepared to trade among themselves.

The Commonwealth stepped up its pressure. So far, the Commonwealth had done no more than indicate an informal preference for one option. Now it appointed a veteran senior policy specialist, Peter Grant, to take full time responsibility for promoting its take-over plan. Grant was assisted by David Phillips, a former Dawkins adviser who had headed the Finn Secretariat.

On 29 September Grant approached State TAFE officials through a 29 page fax, repeating the Commonwealth's proposal on TAFE with the additional bargaining chip of an implied increase in the States' discretionary powers in school funding (Grant to Carter, 19/9/91, 4).

The case argued by Grant reviewed options transferring funds to States and transferring funds to the Commonwealth, expressing concern at the increased variability of funding and retardation of a nationally consistent system if the States were to gain more control, with a suggestion also that there could be adverse future consequences for States' general revenue grants (Grant to Carter, 19/9/91, 8). On the other hand, a transfer in the reverse direction would

- increase the level of Commonwealth specific purpose funding for TAFE;
- reduce the variability of resource commitment across the States and Territories;
- assist in the development of a national and nationally consistent vocational education and training system. (Grant to Carter [letter], 19/9/91, 9-10)

It was also noted that a transfer to States would align decision making in TAFE with that in schools, while a transfer to the Commonwealth would align TAFE and higher education.

On 23 September the Finn Working group met under the chairmanship of Dr Neil Johnson, Deputy Secretary of DEET, who stated with some confidence that the Commonwealth's preferred option was receiving favourable consideration in Victoria, Tasmania, the Northern Territory and the Australian Capital Territory (Finn Working Party, 23/9/91, 3). However, when the Working Party on Roles and Responsibilities in VET finalised its report in September for submission to the proposed November SPC, no progress was reported on achieving agreement on options, and for the first time the possibility of removing labour market training from the Commonwealth to the States was raised (VEETAC WP 1991, 38).

Thus, by the end of October 1991, options for change had been clearly identified, the need for choice was unmistakable, but no substantial progress had occurred in bridging State and Commonwealth positions. If the deadlock were to be broken, the debate would have to be moved beyond the closed policy community of Federal and State vocational education Ministers and officials. This was to be Minister Dawkins next step.

Conclusion

The introduction of the Hawke Government's policy of New Federalism and the creation of the SPC process may be regarded both as the logical culmination of the corporate managerialism which had characterised the Labor Government since its election in 1983 and as potentially the beginning of a new era in intergovernmental relations in Australia.

To the considerable surprise of members of the VET policy community, the VET sector was forced by the imperatives of New Federalism to make one of its rare appearances on the stage of high politics. VET had felt the full impact of corporate managerialism as applied to the portfolio by Minister Dawkins, and, while relations had frequently been tense between 1987 and 1991, a relatively stable pattern of intergovernmental relations seemed to have been established.

During this time there was a real growth of national cooperation and federalist institutional innovation. The National Training Board was established as a joint company controlled by State and Commonwealth Ministers, joint secretariats had been set up for the Deveson and Finn inquiries, a new Ministerial Council (MOVEET) and supporting officials' group, with industry participation, had been developed for national coordination and, immediately before the take-over attempt, States and Commonwealth had cooperated in the transformation of the Kangan era national

curriculum development body (CPSG) into an agency attuned to the new policy environment (ACTRAC).

The vocational education sector seemed at this point to be playing its part in establishing a new, cooperative order in intergovernmental relations. Managerialist concepts affected both State and Federal officials and, while institutions which reflected concurrent rather than coordinate federalism required the acceptance of a higher level of administrative ambiguity than might have been preferred, a set of federal arrangements had been developed in VET which were consistent with wider developments in federal-State relations. VET was part of the new mainstream, but until the appearance of the take-over proposal, had not been expected to undertake too demanding a role as federalist pioneer.

Clearly, funding concerns existed in the light of dramatic projections of increased demands on TAFE and Training made by the Deveson and Finn Reports, but throughout the subsequent debate it was never disputed that only the Commonwealth could supply resource increases of the required dimension. There was little doubt that a gradually increasing Commonwealth funding role would, as in the past, expand the Commonwealth's policy influence.

On the other hand, there was no obvious reason why the existing pattern of intergovernmental relations, which had shown itself flexible and responsive to Commonwealth proposals, could not continue to evolve to meet emerging realities. The Commonwealth's proposals for financial and policy dominance, therefore, met with an increasingly vigorous resistance which demonstrated much about the state of the federation as Australia entered the 1990s.

7

Conflict and Resolution

Introduction

This chapter examines the period from October 1991 to July 1992 when the policy initiative of Minister Dawkins was resolved (determined, in the terminology of this study's analytic framework) through a complex process of intergovernmental negotiation. During these negotiations, Dawkins transferred from his Ministerial position to the Treasury portfolio, there was a change of Prime Minister in politically dramatic circumstances and a change of Premier in New South Wales in an equally charged political atmosphere.

The end result of these strained relations and turbulent times was that Federal-State relations in vocational education arrived at a new equilibrium, one which favoured the preferred position of the majority of States but made significant concessions to Commonwealth interests. An important new institution, the Australian National Training Authority (ANTA) was created, reflecting a willingness by all parties, in the end, to experiment with a new style of federalist body.

The period was one of unusually sustained conflict in Australian intergovernmental relations. At the broadest level, represented by the Special Premiers' Conferences and the Council of Australian Governments, States and Commonwealth contended over the present state and future direction of the federation. Within this wider contest, the future control and funding of vocational education (still referred to almost exclusively as 'TAFE' by participants) took on a pivotal position.

Securing a victory on control of TAFE was an issue of consequence to the Keating government because Keating had used attacks on Hawke's 'New Federalism' as an important ingredient in his leadership campaign. The question was whether Keating could secure policy successes in intergovernmental relations (Sturgess, 1993, 8; Fletcher and Walsh, 1992, 609-611).

When Keating became Prime Minister in December 1991, there were only three major issues on the federalist agenda, beyond the ever present desire of States to gain access to improved revenue sources, a desire which Keating had made plain he would not accommodate (Edwards, 1996, 469-470). One was the finalisation of mutual recog-

nition arrangements. The initiative on this was taken principally by the States themselves and settled by a formal agreement reached in May 1992 (Painter, 1995, 9-11).

The second outstanding issue was national competition policy, originally formulated as a set of issues relating to cooperation in electricity, gas, rail and water utilities (Edwards, 1996, 470). Competition policy was not finally resolved until 1995. Only training policy seemed likely to provide an early success for the new Prime Minister in intergovernmental relations. Although Kim Beazley had assumed the employment, education and training portfolio, Dawkins pressed the Prime Minister to pursue the TAFE take-over objective. Dawkins' advice culminated in the One Nation statement of February 1992, in which the Commonwealth's plans for TAFE were a central feature (interview, Rann, 11/3/98; personal communication [phone], Dawkins, 15/1/98).

Policy and Rhetoric

A favourable outcome in TAFE and Training was not, however, a success waiting to fall into the government's lap. As argued in this study, the period beyond the point at which a policy entrepreneur has successfully placed a proposed policy solution on the agenda is one in which ultimate determination is achieved essentially by a contest of rhetoric. When an entrepreneur wants to take decision making away from a traditional policy community, which is resisting his or her preferred solution, it becomes necessary to manufacture rhetoric which will appeal to a wider policy audience.

This is what was referred to in Bachrach and Baratz's pioneering work as the "mobilization of bias" (Bachrach and Baratz, 1963, 642). Rhetoric is the instrument used by political actors for the mobilisation of bias. Radin and Hawley made a similar point in their study of the creation of the United States Department of Education, citing March and Olsen:

> the history of administrative reorganisation in the twentieth century is a history of rhetoric. (Radin and Hawley, 1988, 32)

Baumgartner has extensively analysed the use of rhetoric in policy resolution, building on the work of Elder and Cobb and of Kingdon. Elder and Cobb had emphasised the significance of symbols in the emergence of a policy issue (Elder and Cobb, 1983, 129) and Kingdon argued that policy entrepreneurs link problems and solutions by redefining one of them so that other people are convinced they are related (Kingdon, 1984, 191).

> Policy makers manipulate the policy process by redefining issues to change the roster of participants. Depending on the balance of power in different policy communities, they attempt to force the issue onto the general agenda, to restrict it to a small community of experts, or to shift it from one group of experts to another. (Baumgartner, 1989, 18)

All these techniques were in evidence during the contest for control of TAFE. Once it became clear that neither the bureaucratic nor ministerial forums of the vocational education policy community would resolve the issue in his favour, Minister Dawkins moved to take the debate first to the fringes of the policy community - to the industry and union lobby groups - and then to the general community. Managerialism provided him with an instantly recognisable set of symbols which allowed him to relate his proposals to efficiency in public sector management and to the need to support industry in a globally competitive environment.

However, "the redefinition of an issue can be used to generate opposition to a proposal just as well as to generate support" (Baumgartner, 1989, 17). Dawkins'

opponents had access to equally potent symbols. As Painter has argued, debates within a federal context in Australia are always able to draw on a rhetoric of 'States Rights' (Painter, 1988, 59).

Moreover, during the debate over TAFE, skilled political actors like Minister Rann of South Australia were also able to turn the efficiency rhetoric on its head, by pointing to the dangers of excessive centralism (Lingard et al, 1995, 54; Ryan and Hardcastle, 1996, 244). Rann's claim that "the last thing TAFE needs is the cold clammy hand of Canberra" (Australian, 16/10/91) put the proponents of change on notice that moving beyond the vocational education policy community had its own risks.

Rann commented at interview that he realised that there was little hope of getting the media to understand the complex issues involved in TAFE and Training, so he opted for a series of simple tag lines: the "East German model" (greatly infuriating Dawkins when taken up by the Liberal Opposition in Canberra); "national" not federal government;"'industry-driven" not 'bureaucracy-driven' (interview, Rann, 11/3/98).

Once rhetoric had been mobilised to take the debate to the wider community, a pattern developed in which policy actors attempted to manipulate media stories and comment to their own advantage during intervals between meetings of formal policy forums, such as the Ministerial Council and Heads of Government meetings. After each failure of the formal system to achieve an outcome, hostilities were resumed through press surrogates.

As well as this alternation of debate between narrow policy community and wider general audience, the third strategy indicated by Baumgartner also come into play. This involved reference of the issues to a second expert community, in this case the central agencies of Federal and State Governments, especially Premiers' Departments and the Department of Prime Minister and Cabinet (PMC), and eventually to the political advisers of Heads of Government. It was largely within this last, narrow policy community that a final resolution was achieved.

Seeking a Wider Audience

Preparing the Ground

From late September 1991 participants in the VET debate began to move discussion beyond the formal machinery of Working Parties and Ministerial Councils. The large resource demands contained in the Finn Report and in Minister Dawkins' promotion of its proposals seemed to be laying the ground for an offer of a federal takeover of State TAFE systems, an idea so far discussed only informally at intergovernmental meetings.

On 25 September South Australian Minister Rann issued a pre-emptive press release headed "Dawkins attempts to undermine national TAFE talk". The release claimed:

> Mr Dawkins is clearly attempting to destabilise the cooperative and consultative approach to important issues facing TAFE around Australia....Mr Dawkins is making a crude attempt to hijack the agenda for the forthcoming meeting of Ministers. (Rann, Press Release, 25/9/91)

The line of argument Dawkins had been deploying was illustrated in an address on 1 October to a joint meeting of the Australian College of Education and the Deans of Education Faculties, in which he attacked what he saw as Australia's educational snobbery and demanded that more attention be paid to the development of practical skills (Dawkins, 1991). At this point, only the *Financial Review* took the speech to signal a new policy push, predicting that

> the debate on a national policy switch to the TAFE sector will now appear high on the agenda at the Special Premiers' Conference later this year (*Australian Financial Review*, [AFR] 2/10/91).

Within the States, it was increasingly being realised that Dawkins would not be put off simply because he was not getting his way in intergovernmental working parties. As the meeting of the AEC and MOVEET Ministerial Council scheduled for 18 October approached, media reports supportive of the federal position began to appear. On 10 October the Age reported that

> The Commonwealth government would assume full financial responsibility for TAFE and other postsecondary training under a federal plan to provide a huge expansion of trade and skills opportunities. The plan, which would take all but administrative responsibilities away from the States, represents the biggest shakeup of vocational training financing since the Commonwealth took financial control of the higher education system in 1974 (*Age*, 10/10/91).

Despite unofficial discussions with the States and the now more frequent press stories, Dawkins had yet to present his proposals in a formal way to any government. Indications were that State and Territory governments other than Victoria would not be quick to embrace the Dawkins plan. Even Victorian Minister Pullen, a member of the Kirner Labor government which had become closely aligned to the federal administration after the Commonwealth Bank had bought the failed State Bank, offered only partial support to Dawkins. In a statement to the Victorian Parliament, Pullen spoke only of a new partnership in which "funding is informed by State and national objectives" (AFR, 15/10/91). However, the Financial Review went on to comment that

> Mr Pullen's statement provides a clear indication of the Victorian government's support for reforms of the national TAFE system foreshadowed by the federal Minister (*AFR*, 15/10/91).

The Australian[9] had more details of both federal and State positions the following day:

> The federal government is to offer the States $1 billion a year as a trade off for national control of the technical and further education sector in a revolution mirroring the one it has achieved in the tertiary field.

The article continued:

> State education ministers responded with suspicion to the federal plan yesterday, indicating that Mr Dawkins will meet with some resistance at the Australian Education Council meeting in Melbourne. (*Australian* 16/10/91)

The Australian reported muted support from Victoria, reservations from Queensland, a desire for deferral of negotiations from Western Australia, and South Australian Minister Rann's 'East German' comment. Elsewhere in the paper, columnist Greg Sheridan warned that

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9 While no hard evidence is available, it is a reasonable inference from the nature of their reporting that *The Australian* consistently presented the views of Minister Dawkins, especially under the by-line of Natasha Bita, while the Financial Review reported sympathetically the views of the smaller States. *The Age* was less clearly aligned, but generally favoured the Victorian government's acquiesence in the Federal Government's policy package. The *Canberra Times* seemed to reflect the views of DEET officials, although Fooks in a personal communication denies that there was any direct contact with education writer Gai Davidson until after the decision to create ANTA (Fooks. personal communication, 30/11/97).

Minister Rann described an incident with The Australian, when minutes after giving an off-the-record briefing in Adelaide to one of the paper's journalists, he received a phone call from Dawkins in Canberra complaining about what had been said (interview, Rann, 11/3/98).

> A national deal on TAFE could be a crowning accomplishment of this year's premiers' conference....If the States reject his proposals altogether they will have to come up with something in its place. (*Australian*, 16/10/91)

In the event, the Victorian Minister immediately embraced his federal colleague's as yet formally unannounced plan, with the claim that "it would be a tragedy if tomorrow's meeting was dominated by a fight over States' rights" (*Age*, 17/10/91); but Victoria and the Commonwealth garnered no support at the Ministerial Council on 18 October. The matter was referred to the Ramsey Committee on the Implementation of the Finn Report, which was already working on the financial implications of the Finn participation targets.

With the AEC and MOVEET meeting concluded, the media war recommenced. *The Age* declared the States' reaction a 'deep freeze' while asserting that Minister Dawkins' arguments were 'powerful' (*Age*, 22/10/91), while the *Canberra Times* offered support for Dawkins in terms which perhaps were more convincing to an audience in the federal capital than in the States.

> Mr Dawkins rejects accusations of a power grab and says states and territories will retain administrative control of their own systems - within national parameters.
>
> There is little for the states and territories to fear so long as the Commonwealth adheres to this framework and keeps its nose out of the day to day running of TAFE . (*Canberra Times*, 31/10/91)

States other than Victoria took a sceptical view, illustrated by Minister Rann's briefing to the State Premier on the Commonwealth proposal.

> We find it difficult to believe that the Commonwealth want to pay the whole bill but have very little control as at present they are very intrusive even though they pick up only around 10 per cent of the recurrent costs of the SA TAFE system. (Rann to Bannon, 29/10/91)

Seeking an Alternative

At the same time, the States realised that it would be a difficult battle to retain control of their systems if they could be pictured as blocking a billion dollar enhancement of the TAFE system (the eventual Commonwealth offer was $750 million over three years). The States therefore began to give consideration to alternative strategies. Essentially they needed to devise a national structure as an alternative to simple federal control.

South Australia thus took the first steps in what was eventually to become the National Partnership Model, offered by the small States and Territories in opposition to the Commonwealth and Victorian plan. New South Wales remained ambivalent until almost the end of the process.

The Director of Planning and Systems in South Australian TAFE wrote to the department's Chief Executive with a proposal for a new national structure.

1. There should be a consolidation of current policy, coordinating and management structures -NTB, NBEET, VEETAC, TAFE National Centre and ACTRAC. These bodies should compose one single incorporated organisation responsible to a board with equal representation from employers, unions, State governments and the Commonwealth.
2. Increased funding from employers and the community should be obtained through incentives.

3. The staffing of the new incorporated organisation should be totally independent of the Commonwealth Public Service and its departments. (Director, Planning and Systems to CEO, DETAFE, 24 /10/ 1991)

At the same time the present writer, as the Department's Assistant Director for Policy and Intergovernmental Relations, began to explore international and other Australian models of Commonwealth-State joint agreements. This entailed reviewing a number of Australian Federal-State agreements such as the Environment Protection Agency and the National Rail Corporation (NRC). The latter was seen as a possible model for TAFE. A similar exercise was undertaken in Victoria, where the NRC also attracted attention as a suitable precedent (interview, Burford, 13/2/96).

While this background work proceeded, important events were planned for November 1991, including a meeting of AEC and MOVEET on 8 November and of the SPC on 21-22 November. In the interim, the Ramsey Committee on the Implementation of the Finn Report was due to deliver its costings. On 4 November the Ramsey Committee's technical group [10] put forward detailed expenditure requirements, doubling the Finn Report's cost estimates in the period 1991-2001 to $2.2 billion.

This is a significant increase on the recurrent cost estimates of the Finn Report. The two major reasons for this difference are:

- the summative approach adopted in this report, where States and Territories have nominated the full cost of achieving these targets...in comparison with the average approach adopted in the Finn Report
- the assumed increase in the proportion of students undertaking full time courses and related increases in average student contact hours also adds significantly to the Finn Report estimates. (AEC/MOVEET WP on SPC Issues, 1991, 14)

The technical group accepted the Finn Report's estimates of capital requirements, adding a further $3.5 billion in the period to 2001 (AEC/MOVEET WP on SPC Issues, 1991, 19).

The technical group's estimates were included in the full committee's final report, which made specific proposals for 1992 expenditures of an extra $133 million, with an additional one-off grant of $20 million for equipment and library services (AEC/MOVEET WP on SPC Issues, 1991, 14).

In relation to funding and control options, however, the Committee had made minimal progress. It recombined options to a total of six, but no agreement could be reached on whether to retain the *status quo* or to pursue options favourable to Commonwealth control or options favourable to the States.

A Formal Offer

At this stage Minister Dawkins put his cards on the table, writing formally to State ministers on 6 November, telling the States that the Commonwealth was now considering the Ramsey Committee's funding proposals "in the context of its preferred option" and setting out that option in some detail.

> Under the arrangements I envisage, the Commonwealth would not be involved in the operational management of TAFE and training systems. It would be party to common and agreed statements on national objectives and priorities developed jointly and collaboratively, eg through MOVEET and AEC. In addition, in order for funds to be allocated appropriately in line with the particular needs of each State,

[10] The present writer was a member.

> there would be a requirement for supporting bilateral agreements which would identify each State's 'profile' of vocational education and training and associated Commonwealth funding arrangements. (Dawkins to Rann, 6/11/91)

Identical letters went to all State Ministers, but Rann's opposition to Dawkins had generated sufficient animus for Dawkins to follow up with a personal letter asking that,

> In the spirit of cooperation that should mark our efforts to address the challenges that face our nation, you will put aside petty politicking in the interests of achieving a sensible set of national arrangements in the vital area of TAFE and technical training. (Dawkins to Rann, 7/11/91)

This exchange did not suggest a conciliatory spirit, and when Ministers met on 8 November they could do no more than send off three broad options to the SPC.

- State funding with a negotiated growth element in FAGs [Financial Assistance Grants] (Option 8 or 3 or 1A).
- Commonwealth funding beyond an ETG [Education and Training Guarantee] (Option 9).
- shared responsibility with Commonwealth funding for growth (Options 2 & 11). (AEC/MOVEET Resolutions 8/11/91)

At this point, broader political considerations intervened. Prime Minister Hawke, under acute challenge from former Treasurer Keating, retreated from his commitment to the States to discuss vertical fiscal imbalance and, as a consequence, the States decided to boycott the November SPC, meeting instead by themselves without Commonwealth participation.

The Commonwealth maintained its pressure in relation to TAFE, however, offering financial assistance of $115 million to the States for 1992 in response to the Ramsey Committee's recommendations. In doing so, the Prime Minister stated that the government would continue with its take-over offer, which it regarded as "an urgent national priority" (*Commonwealth Parliamentary Debates, House of Representatives, 14/11/91*).

Further pressure was applied when Minister Dawkins attacked State Treasuries for cutting TAFE (*Canberra Times*, 15/11/91) and businessman Ivan Deveson was induced to write to all State Premiers urging a speedy resolution (Deveson to Bannon, 13/11/91). The problem, though, was that the States were being asked to take too much on trust. The Western Australian Training Minister, Kay Hallahan, put the issue succinctly in briefing her Premier.

> The establishment of nationally agreed policies, targets and standards is strongly supported, provided that the States are involved collaboratively with the Commonwealth and not bystanders in the development of those policies, targets and standards. (Hallahan to Premier Lawrence, 19/11/91)

It is clear that, while distrustful, Western Australia was not locked into an anti-Commonwealth position, although the attack on State funding of TAFE was resented.

On 21 and 22 November State Premiers and Territory Chief Ministers met in Adelaide. They acknowledged the Commonwealth's recognition of the importance of TAFE and were receptive to its funding package, but rejected

> other features of the Dawkins proposal, particularly their potential to increase duplication and overlap. (Premiers' and Chief Ministers Communique, 1991, 19)

Soon afterwards the Australian political system was distracted by the final contest between Prime Minister Hawke and his challenger. The change of Prime Minister and

the transfer of Dawkins to the Treasury meant the end of the first stage of the contest between Commonwealth and States on TAFE. Apart from a funds infusion for 1992, nothing had been decided.

Contest Resumed

The political events of December 1991 and the traditional holiday season meant that the contest over control of TAFE entered a short period of calm. This lasted until 14 February 1992, when the New Minister for Employment, Education and Training, Beazley, returned to the fray with a traditional Commonwealth carrot and stick approach.

One Nation

The carrot was once again an offer to free up Commonwealth grants for schools, while the stick was focused on the flow of new funds to TAFE as a result of the Ramsey Committee's recommendations.

> The Federal Government has signalled that it is prepared to give the States more control over Commonwealth grants for schools, while stepping up the pressure for a bigger say in TAFE training before it hands over more cash for this sector.
>
> The Minister for Employment, Education and Training, Mr Beazley, said that agreement with the States about more federal involvement in TAFE was "abso.lutely essential to the Commonwealth being in a position to increase funds" (Australian, 14/2/92)

The new Prime Minister had decided to mark his accession with an Economic Statement which would demonstrate the administration's effectiveness in dealing with growing economic difficulties. This statement, entitled 'One Nation' (Keating, 1992) was due on 28 February, and on 26 February the Prime Minister wrote to all Premiers outlining his proposals. A simultaneous letter from Minister Beazley to Vocational Education Ministers set out the Commonwealth's second offer to take over TAFE.

> The Commonwealth is offering to take full responsibility for the funding of vocational education and training from 1 January 1993, on the understandings that
>
> - funding would be provided on a rolling triennial basis, similar to the arrangements already applying in higher education
> - funding for calendar year 1993 would comprise:
>   - current levels of State support for vocational education and training, subject to an offsetting adjustment to general revenue grants to the States;
>   - the funding provided under current programs of Commonwealth financial assistance for TAFE;
>   - the TAFE recurrent funding provided in the Government's Economic Statement of November 1991, as a permanent addition to the funding base for vocational education and training;
>   - an additional amount of $70 million nationally to support growth in
>   - vocational education and training in 1993;
> - further growth funding of $70 million nationally would be provided in each of calendar years 1994 and 1995;
> - appropriate indexation arrangements would be developed to reflect movements in the cost of training services;
> - State/Territory governments would retain full responsibility for the operational management of TAFE and training systems, including decisions on the detailed allocation of resources at college or departmental level;

- within a framework of agreed national objectives, and in close consultation with industry, State and Commonwealth governments would participate as joint and equal partners in the setting of national policy and priorities for vocational education and training, and in associated planning processes.

> You will notice that the terms of the Commonwealth's original offer on this matter have been varied slightly by elimination of any reference to the proposed 'education and training guarantee' as the boundary line between Commonwealth and State funding responsibilities. While the Commonwealth remains committed to the concept of such a guarantee, as recommended by the Finn Committee, the more comprehensive arrangements now proposed respond to concerns expressed by several States that a boundary drawn at Year 12 or equivalent level would not provide a sufficiently clear delineation of responsibilities. (Beazley to Fahey, 26 /2 / 92)

The change was indeed minimal, although it was useful to have the untidy issue of the education and training guarantee removed.

Reactions

Initially the Commonwealth's renewed proposal received a good press, indicating that the strategy of taking the debate from the policy community to a wider audience was paying off. *The Australian* reported that

> Cash strapped States which rejected a federal funding offer last year because they feared the TAFE system would come under central control, will now be under strong pressure to accept the new offer. (Australian, 27/2/92)

In an editorial comment, the Australian's higher education editor Helen Trinca argued, under the heading, "Canberra Shows it Means Business",

> The federal government has put its money where its mouth has been these last few months with a commitment to the education sector it believes will carry Australia into the 21st century.
>
> In a neat game of pressure politics it has spelt out an offer to the States that they will find almost impossible to refuse. (*Australian*, 27/2/92)

The *Financial Review* rated the move as "Offer on TAFE Improved" (*AFR* 17/2/92) while the *Sydney Morning Herald* ran a rare editorial on TAFE headed "Time for a National TAFE"(*SMH*, 28/2/92).

However, signs were beginning to emerge that the States would not be a pushover. A round-up of State reactions appeared in the *Australian* on 28 February:

> The Premier of Queensland, Mr Goss, said yesterday that his State would not permit the Federal Government to impose a "federalist" model on TAFE.
>
> The South Australian Minister of Training, Mr Rann, welcomed the federal funding offer. He had told Mr Beazley that a centralised model that would leave States as "janitors" without any real policy input was "not on".
>
> The NSW Minister for Further Education, Mr Fahey, said the NSW Government would "take any cheque that (Prime Minister) Keating signs".
>
> A spokesman for Western Australia's Education Minister, Ms Hallahan, said the State welcomed the extra funding but was cautious about the final funding mechanisms. (*Australian*, 28/2/92)

In the South Australian Parliament on 28 February Mr Rann mentioned that he and other State Ministers had received assurances from Mr Beazley that the Commonwealth was interested in "a genuine partnership with the States".

> That in itself is a significant change from former Minister Dawkins' position last year. Under his proposal, the States would have been left as TAFE's caretakers, with no real policy input. I told Mr Beazley, and other Ministers have told him, that this is simply not on. (*Parliamentary Debates, House of Assembly, 28/2/92*)

By 3 March views in the smaller States were hardening. According to the Financial Review,

> Vocational education ministers in South Australia, Queensland and Western Australia are particularly concerned that the Federal Government will try to force through bilateral TAFE funding agreements with participating States.
>
> The letter from Mr Beazley says that if State Governments cannot reach a unanimous position on State funding, the Commonwealth will force through bilateral agreements with participating States.
>
> A spokesman for the Western Australian Minister...said the reference in Mr Beazley's proposal for the establishment of bilateral agreements with individual State governments was likely to be strongly opposed by all Premiers. (*AFR*, 3/3/92)

The Australian reported on 5 March that South Australia, New South Wales, Tasmania and Western Australia would use the TAFE offer to force a resumption of the SPC process (Australian, 5/3/92) although the paper had already reported strong support for the federal takeover from New South Wales TAFE Managing Director Dr Ramsey (*Australian*, 4/3/92).

The Commonwealth invited State officials to an information seminar in Canberra on 11 March. This meeting served largely to set out issues for resolution rather than provide new information, so interest centred on what State participants would reveal about their positions. The South Australian Chief Executive reported on the various State responses in a minute to the State Director of Intergovernmental Relations.

> TAFE officials from all States, in most cases accompanied by representatives of central agencies, attended an "information session" in Canberra on 11 March. At that meeting, Victoria and New South Wales expressed an apparently strong degree of commitment to the Commonwealth proposal; other States undertook to study it further. The Commonwealth also presented a wide range of issues requiring resolution and a very abbreviated timetable for doing so. South Australian officials believe the timetable to be unrealistic even if all parties cooperated enthusiastically. (CEO DETAFE to Director, IGR, 18/3/92)

The apparent strong support by the two largest States for the Commonwealth's initiative was a cause for concern to those opposing a federal take-over. South Australian Minister Rann continued to be the most vocal opponent in public and in early March had flown to Perth both to enhance solidarity with his Western Australian counterpart and to press Beazley for an all States meeting, rather than bilateral negotiations between Commonwealth and individual States (*Westralian*, 7/3/92). Behind the scenes, however, he was less confident and directed his department to investigate fall-back positions and to put out feelers to other small States.

On 10 March the South Australian Departmental Head replied to Rann:

> I will set in train exploration of intergovernmental experiments like the Australian Securities Commission and the National Rail Freight Corporation. At this stage, good progress would be made if governments agreed on the key principles [which]:
> - identif[y] joint funding;
> - a Ministerial Council with independent support as the core structure;
> - machinery which recognises the identity and integrity of the national TAFE system, whether or not as part of a wider TAFE and Training system. (Schofield to Rann, 10/3/92)

Creating an Alliance

Soon afterwards Schofield approached heads of TAFE agencies in all States and Territories except New South Wales and Victoria saying she wrote at Rann's direction about a "third option".

> At my Minister's request I am writing to colleagues in departments which have not given a commitment to the Commonwealth....If the Commonwealth is prepared to accept the joint funding principle I believe that, subject to central agency endorsement, we could begin almost at once to work with them....If not, it might be desirable for interested States to work on their own options paper. (Schofield to Henneken, [Qld], 16/3/92)

As March progressed, States peppered the Task Force which DEET had set up under Peter Grant with questions of detail on their proposal and exchanged position papers among themselves. Queensland, for example, put forward 35 issues (Queensland Position Paper, March, 1992). South Australia argued more succinctly:

> The Commonwealth could fund growth in TAFE expenditure through any one (of the options suggested). There has been no satisfactory case advanced for the preferred option, especially if the Commonwealth's claims of non-interference are accepted. (SA Position Paper, March 1992)

The Commonwealth replied to States with a generic answer to the questions States had raised. The federal response generally contained no new information, but revealed more of the Commonwealth's strategy. For example, the Commonwealth's answer to what it designated as Question 10, on the role of MOVEET and VEETAC, stated simply

> MOVEET/VEETAC will have no direct role in the allocation of Commonwealth funding....(Beazley to Rann, March 1992, 7)

while the fate of non-participating States was also clear:

> The Commonwealth proposes to enter into agreements with those States willing to do so.
>
> In respect of those States which do not accept the offer, the Commonwealth could not guarantee to provide any particular amount of funds through section 96 grants for TAFE/training...from 1 January 1993. Commonwealth funds for training would continue to flow into the State but may be directed through other mechanisms such as Commonwealth own purpose outlays, for similar purposes to the funds allocated to the National Training Initiatives Fund. (Beazley to Rann, March 1992, 7)

Minister Beazley's letter was intended to form the basis for discussion at a MOVEET meeting on 20 March in Adelaide. The prospects for a successful resolution were not good, as a roundup of State views in *The Australian* indicated:

> South Australia is refusing to hand its technical education budget to the Commonwealth, leading the States' resistance against a key element of the One Nation jobs package....
>
> Government sources said Queensland regarded the funding package as a reversal of the premiers' conference process, which has divested control over spending from the Commonwealth to the States.
>
> Victoria's Minister for Education, Mr Roper, who met Mr Beazley yesterday, said Victoria was willing to sign a separate deal with the Commonwealth to secure its share.
>
> A spokesman for the NSW Minister for Further Education and Training, Mr Fahey, said NSW would seek more details on funding mechanisms at today's meeting.

> The West Australian Minister for Education, Ms Hallahan, said she had "no intention" of reaching an agreement at the meeting. (*Australian*, 20/3/92)

Rival Steering Committees

In the event, the only outcome of the Ministerial meeting on 20 March was the establishment of a Vocational Education and Training Steering Committee, composed of the Federal and State Heads of Agencies, to consider issues further. Even this development was complicated by the separate establishment of a States' Steering Committee to progress alternative proposals and by the insistence by the States that the Commonwealth no longer take the chair at meetings.

The States' Steering Committee met on 23 March and agreed to develop a paper proposing variations to the Commonwealth offer, to be considered by Premiers and Chief Ministers on 26 April (States' Steering Committee Resolutions, 23 March).

The States agreed on a set of principles on what was at that stage referred to as the Joint Funding Model, requiring the forging of a genuine partnership with the Commonwealth in which State and Territory ministerial accountability to their own Parliaments would be maintained. (States' Steering Committee Resolutions, 23/3/92)

Towards the end of March the States secured a significant victory when the Prime Minister announced that a Premiers' Conference would have to be held to resolve TAFE issues. This moved the debate back to a forum favoured by the smaller States and put the Prime Minister's leadership in the spotlight.

> The $720 million Commonwealth offer to take over funding of the Technical and Further Education system has emerged as a critical test for Mr Keating's vision of federal relations. (*AFR* 25/3/92)

The Premiers' Conference was scheduled for 26 April, to be followed by MOVEET on 30 April. These dates became the background for a period of intense work by both sides. Commonwealth/ State relations at this point reached so low an ebb that the only point of consensus available was that neither side trusted the other even to chair officials' meetings. Professor Ken Wiltshire, J. D Storey Professor of Government at the University of Queensland, who had gained experience of many of the unresolved issues in preparing his paper on Principles of TAFE Governance (Wiltshire, 1991), proved an acceptable compromise and the first national Steering Committee meeting was able to proceed under his chairmanship.

The national Steering Committee met for the first time on 6 April at Sydney Technical College. The meeting received several papers from the Commonwealth which explored the intricacies of establishing scope and boundaries for the educational activities to be included in any agreement and the technicalities of FAGs adjustments, including Grants Commission treatment of TAFE expenditures (National Steering Committee Agenda Papers, 6 April 1992).

The meeting also received a paper from Victoria purporting to be a variation of the Commonwealth agreement, but accepting all the Commonwealth's main points, including transfer of State funds to the Commonwealth and State training profiles on the higher education model. At the same time, SA announced that a number of States were working on a paper setting out a variation of the Commonwealth's offer based on joint funding, but that it was not yet available (National Steering Committee, Minutes, 6/4/92).

It was clear from the discussion that all States were concerned at transfer of accountability from State Ministerial responsibility to responsibility to the Commonwealth, the possibility of reallocation of funds from one State to another, the

need to entrench collective policy formation arrangements and the desirability of an independent body for determining financial allocations (Steering Committee, Minutes, 6/4/92).

Constructing an Alternative

Shortly after the Sydney meetings, the dissident States and Territories (that is, all except New South Wales and Victoria), working through a series of teleconferences, developed a first draft (prepared by South Australia) of what then became known as the National Partnership Model. Originally a single paper of eight pages, it was to grow to four separate papers of considerably greater length.

The paper stated its claims succinctly:

> A majority of the States and Territories favour the development of a variation to the Commonwealth's funding offer.
>
> The variation is a genuine national partnership model. It is designed to achieve national objectives in vocational education and training without the need for changes in financial arrangements.
>
> The National Partnership Model has the major advantages of simplicity, in particular of eliminating the need for FAGS adjustment, and thus reducing the threshold nature of many issues for consideration.
>
> The model avoids a major shift in constitutional responsibility and does not result in major increases in tied grants, thus adhering more closely to the principles recently endorsed by the Prime Minister. It is therefore considered that reaching an agreement between States and Territories and the Commonwealth is more achievable under this approach. (NPM, First Draft, April 1992)

The paper went on to accept the Commonwealth's stated objectives and to add three with which, it was hoped, public disagreement would be difficult:

> [The majority of States and Territories] therefore agree with the four objectives in the Commonwealth offer:
>
> - upgrading capacity for the TAFE and Training (VET) systems;
> - developing sectoral balance in post compulsory education;
> - raising the profile and status of VET;
> - enhancing quality, diversity and efficiency;
>
> and added three complementary objectives:
>
> - retaining Ministerial accountability for VET within State/Territory systems of government;
> - ensuring a genuine policy partnership among governments;
> - maintaining an appropriate policy development and planning role for industry, unions and other stakeholders at both national and State level. (NPM-First Draft, April 1992)

For governance the NPM proposed a new Ministerial Council with an independent advisory board, including representatives of industry. Funding would be based on Commonwealth triennial grants, enshrined in legislation, and States would guarantee training outcomes of no less a magnitude than those achieved in 1992. Many issues, including voting rights on the Ministerial Council and the nature of its Secretariat, were left for future negotiation.

The lines of division were now clearly drawn between the Commonwealth and Victoria on the one hand and the six smaller States and Territories on the other, with the position of New South Wales uncertain. Victoria had little room to manoeuvre when federal financial assistance was at stake, as the series of financial disasters

experienced in the final term of the Cain and Kirner Labor Governments had placed enormous strain on the State budget: State debt had ballooned from $26.7b in 1990 to a projected $32.7b for 1992-93 (Shamsullah, 1992, 23). The State's dependence on the Commonwealth was highlighted at a meeting of State central agencies [Premiers' Departments and Treasuries] in April. The discussions at that meeting were reported to State TAFE agencies by Queensland, whose representatives made the position of Victoria, and the reasons for it, completely clear:

> Commonwealth offer is sub-optimal, but only realistic one for Victoria because of basic problem in structure of State finances (ie only option State has is to hand over functions). (Queensland Vocational Education Training and Employment Commission[VETEC], Notes of Meeting of Central Agencies, 15/4/92)

New Divisions Emerge

On the other hand, signs began to emerge that the Commonwealth could not rely completely on New South Wales. After a meeting of officers from State Premiers' Departments with the Prime Minister's Department, Queensland Vocational Education and Training Commission officials advised the other States of apparent movement in the New South Wales position.

New South Wales, they reported,

- will make up its mind on the analysis of both options
- however, Commonwealth offer has fundamental flaw - separating funding and delivery will lead to cost shifting, hence ultimate outcome will be a very detailed tied grant
- asked whether Commonwealth was prepared to consider States' option - there may be an impasse otherwise.
- both options acknowledge [Commonwealth role in labour market]. (Queensland VETEC, Notes of Meeting of Central Agencies, 15/4/92)

DEET officials attended the same meeting, and a space appeared to be opening also within the Commonwealth negotiating team. Dr Neil Johnson, on behalf of DEET, proposed that both options papers should go directly to Heads of Government, commenting that "options are not too far apart". However, the Head of the Prime Minister's Department was less conciliatory, pointing out that coordinating departments had not yet seen the States' option paper and that, because of concern about units of output, the Commonwealth "will inevitably want adequate control" (Queensland VETEC Notes of Meeting of Central Agencies, 15/4/92).

At this point, broader issues of Commonwealth/State relations intervened and Premiers and Chief Ministers meeting without the Commonwealth on 26 April deliberately derailed the TAFE negotiations, cancelling the MOVEET meeting of 30 April in an attempt to pressure the Prime Minister to reconsider the problem of fiscal imbalance.

> A spokesman for the Queensland Premier, Mr Goss, said the premiers wanted to resolve the "key issue" of increasing State resources via a fixed share of Commonwealth taxation revenue. (*Australian*, 28/4/92)

The same report indicated that New South Wales Minister Fahey was demonstrating something of a shift towards the dissident States.

> The whole TAFE proposal is okay in theory, but really the issue is how it's implemented, a spokesman said. (*Australian*, 28/4/92)

In fact, New South Wales had been asked by the other Premiers and Chief Ministers to pursue any possible compromise with central agencies over the next week. The

Director of Intergovernmental Relations (DIGR) in South Australia advised the South Australian Minister

> The aim in doing so appears to be two-fold - to see whether there might be any other way to bring Victoria into line with the other States (not regarded as likely), and to clarify and overcome the objections NSW appears to have to the alternative model.
>
> It is expected that NSW will come on side with the alternative model. (DIGR to Minister Rann, 27/4/92)

On 22 April Professor Wiltshire, Chair of the National Steering Group, reported to Minister Beazley as Chair of MOVEET, offering two papers - the Commonwealth proposal and the National Partnership Model.

Participants in the debate now had a Commonwealth paper of 40 pages of text and tables, concerned with the technicalities of scope and boundary issues, capital funding, FAGs and Grants Commission matters, all of which except the last were relevant to both models, and a States paper in four parts, totalling 22 pages. The final version of the NPM had been put together by central agencies, led by the Western Australian and Queensland Premiers' Departments.

Debating the Models

The new States' paper took the fight on finances to the Commonwealth, pointing out that the States felt

> a deep concern that the resourcing of this sector is at risk because of continuing Commonwealth financial restrictions:
>
> - federal payments to the States have fallen 14% in real terms in the period 1986/87 to 1991/92 while Commonwealth own purpose outlays have risen 6.2%
> - during the same period the proportion of payments to the States which are specific purpose payments have risen from 38.7% to 53.5%
> - during the decade 1981/82 to 1989/90, Commonwealth outlays on TAFE fell in real terms by 10.7% while State outlays rose 29.3%
> - increased Commonwealth funding during the period 1991/92 still leaves the federal contribution $83.6m short of its peak in 1984/85. (NPM, Executive Summary, 1992, 2).

The core elements of the NPM model were:

- an increase in federal funding as proposed by the Commonwealth
- a commitment by States for expenditure necessary to achieve the same level of outcomes as the status quo ante
- a new Ministerial Council with either consensus or two-thirds majority voting
- the system to be entrenched through common legislation by all parties
- a clear definition of State, federal and national roles and responsibilities
- retention of State Ministerial responsibility
- multilateral rather than bilateral agreements. (NPM, 1992, 1-9)

Heads of Government were due to meet again on 11 May, and on 7 May all States except Victoria agreed on a final wording of the National Partnership Model. The South Australian Premiers' Department conducted a head count of States the same day.

> The position across the States is still not absolutely clear. While NSW has negotiated changes to the Alternative Proposal to its satisfaction at officer level, its formal position is that it remains "fluid" (it was formerly "agnostic") on the issue. It

> is believed that this is in part at least to placate its TAFE system, which has been arguing for the Commonwealth offer.
>
> Victoria remains committed to accepting full Commonwealth financial takeover of their vocational education and training sector.
>
> The other States and Territories accept the alternative paper agreed to by NSW whether or not NSW formally comes on side.
>
> It is understood there are some in the Commonwealth who would readily go for a full financial and administrative takeover, if it were offered to them. The PM is understood to be one of this "hairy chested" group (though not Minister Beazley). TAFE officers are to provide a detailed analysis of this option should it somehow emerge from the fray on Monday. (Briefing Note to State Cabinet, SA DIGR, 7/5/92)

In the short time before the 11 May meeting, both sides resumed their contest of media leaks. The *Financial Review* put the small States' view:

> The States have resolved to reject the One Nation proposal to take over the funding of vocational education because they fear it represents the first stage of a Commonwealth plan to erode their role in the federation.
>
> According to State officials last night, the Premiers intend to bargain hard for a new deal on federal relations and will make TAFE the test case to forge a "national partnership" with the Commonwealth. (*AFR*, 7/5/92)

The Australian remained loyal to the federal side. An editorial on 5 May was headed "Politics Delays TAFE Reforms" (*Australian*, 5/5/92), while a few days later its higher education correspondent wrote

> For a system that just a few months ago seemed to be destined for a new era, the compromise position of some growth money from the Commonwealth without the concomitant long term agreements about national direction and responsibility might well be the worst of all outcomes (*Australian*, 9/5/92).

The ACTU was mobilised to support the Commonwealth, but the demand of its President, Martin Ferguson, that "the petty politicking must stop" (Age, 11/5/92) was undermined by a statement from his Victorian Trades Hall colleague, John Halfpenny, who described the Commonwealth's approach as "big brother" and "totally erroneous" (*Age*, 11/5/92).

Once again, however, Heads of Government were unable to reach a conclusion and undertook to "work further to clarify issues for the June Premiers' Conference" (Communique, HOGs meeting, May 1992). Consequently, the dispute returned to the media, with Commonwealth sources alternating between conciliation and threats. Both were contained in a report in *The Australian*.

> And there was another important message from Canberra designed to encourage the States to relax about what has been portrayed as a federal takeover: sources say the Federal Government emphasised the partnership arrangements throughout the [HOGs] meeting, and while the growth money -$70 million next year- remains the Commonwealth's trump card, Canberra is keen to see it flow, one way or another.
>
> The Federal Government, however, wants a new funding system in place for 1993 and retains the option to set up its own training centres or contract training programs to the private sector if it cannot gain State cooperation quickly. (*Australian*, 13/5/92).

Shifting the Battlelines

At the beginning of June the Prime Minister, who seemed to have taken control of the Commonwealth position from Minister Beazley, expanded on the implicit threat.

> If the States did not come to the federal party then federal capital funding would be withdrawn from TAFE and the Commonwealth would set up its own vocational training system, possibly in alliance with industry and with a closer focus on the labour market. (*Advertiser*, 1/6/92)
>
> Mr Keating's ultimatum serves two purposes: it is designed for public show and it reminds the States the Commonwealth has a respectable alternative if it fails to achieve a national system based on TAFE. In short, there is somewhere else Canberra can put its money. (*Australian*, 1/6/92)

This met a predictable response from the States.

> [States] last night reacted angrily to the Prime Minister's threat to establish a national TAFE system parallel to the State TAFE systems.
>
> West Australian Education Minister, Ms Kay Hallahan, said the new proposal would duplicate the TAFE infrastructure which the States already had in place. (*AFR*, 1/6/92)

On 2 June the battle for public opinion continued with a joint statement by the South Australian and Western Australian Ministers. While the media release began

> A compromise has been proposed to break the bitter deadlock between the Commonwealth and the States over the future of TAFE, (Joint media Statement, Rann and Hallahan, 2/6/92)

the key features it outlined were simply a summary of the NPM, with one minor but important variation which accepted the Commonwealth's point that outcome measures (actual student hours achieved) should be applied to measure States' maintenance of effort.

A complicating issue in the debate between Federal and State officials had been how to measure maintenance of effort in VET by State governments once Commonwealth and State funds were pooled. States had wanted very broad outcome measures, indicating successful education and training. The Commonwealth wanted a narrower accountability measure, preferably dollars spent but at least student contact hours generated.

The admission by the leading dissident States that a more realistic output measure was required represented a subtle but significant shift towards the DEET concerns. States sensed that their disagreement now was less with DEET and its Minister than with both Paul and Michael Keating. Minister Rann believed that Dawkins, now Treasurer, pressed the Prime Minister to maintain a hard line, despite Minister Beazley's instinct to compromise (interview, Rann, 11/3/98).

On 2 June, Prime Minister Keating maintained this hard line in an address to the Youth Training and Employment Forum at the National Press Club:

> One option, which has many attractions, is for the Commonwealth to go further and assume full responsibility not only for funding, but also for the administration of TAFE....Whatever happens, we must settle matters as soon as possible.
>
> The Commonwealth will therefore support the development of a network of high profile institutions, catering for the advanced technical training needs of specific industry sectors.
>
> In this way, the Commonwealth would be in a position over time to build institutes of vocational education in connection with industry, as well as maintain our recurrent effort for the existing TAFE system. (Keating, 1992 2, 5-6)

On 3 June, Minister Beazley wrote to State ministers with an even stronger demand, that States should transfer constitutional power over vocational education to the Commonwealth.

> The Commonwealth is therefore prepared to offer formally that it assume full responsibility for the post-school vocational education and training system and it urges the States and Territories to consider taking up this offer either jointly or severally. (Beazley to Fahey, 3/6/92)

In an attachment, the Minister set out the details of the Commonwealth plans for a rival VET system, to be known as the National Training Initiatives Fund:

> with two main objectives:
>
> (a) to purchase training places and courses directly from institutions or industry, under arrangements which provide end-users with greater control over outcomes; and
>
> (b) in response to industry demand, to support the development of a network of small but high-profile institutions catering for the advanced technical training needs of specific industry sectors. (Beazley to Fahey, 3/6/92, Attachment)

In this atmosphere, MOVEET's meeting in Adelaide on 5 June was unable to make progress on the two options before it, although it did accept a statement of Agreed National Goals for VET (Beazley, media release, 5/6/92).

Moving to Compromise

More important was a backdown by the Prime Minister, when he removed much of the force of his threat to establish a rival VET system by proposing a three year moratorium on all changes to funding arrangements. In intergovernmental relations, three years is an eternity, as indicated in an angry letter from the Victorian Premier who thought she had been badly let down by the Prime Minister.

> It was with great disappointment therefore that I learned of the most recent proposal made to the State Ministers at their meeting in Adelaide on 5 June. I must make it clear to you again that the interim triennial element of this proposal is totally unacceptable to Victoria. (Kirner to Keating, 11/6/92)

The Commonwealth at this stage seemed uncertain whether to compromise or pursue one or the other of its now more extreme proposals, either to remove VET from the States altogether, or to establish a rival system. The Prime Minister had created a difficulty for himself by the focus he had placed on his intervention in the VET debate. His economic adviser described the atmosphere in the Prime Minister's Office:

> The foreboding of doom, dispelled for a while by the leadership challenge and then by One Nation [the government's well received economic statement], returned to the government. There were endless meetings about TAFE funding. (Edwards, 1996, 477)

The Prime Minister had added to his self-wrought pressures by laying great stress on a statement to be made to a Youth Summit he had called for 22 July. Increasingly, the dissident States believed they need only sit back and let the pressure mount. The fact that the Prime Minister had reduced the time available to continue negotiations was considered a major factor in the Commonwealth's eventual retreat both by New South Wales' Ramsey, who supported the takeover, and by South Australia's Rann, who opposed it (interview, Ramsey, 4/7/96; interview, Rann, 11/3/98).

The confidence of the smaller States was increased as a result of dramatic political events in New South Wales. The indications the central agency representatives had received of a strengthening New South Wales stand against the Commonwealth grew more definite in late June. On 22 June, New South Wales officials circulated all States

with their view of an emerging resolution. It contained almost all the essential ingredients of the National Partnership Model.

> A National Model
>
> The following model is proposed to meet these requirements with the establishment of a National Vocational Education and Training Authority and parallel establishment of State Vocational Education and Training Authorities under State legislation and with accountability to State Ministers. (memo to State TAFE agencies, 22/6/92, para 19)

The emerging model assumed that management and control of TAFE would remain with States (para 10) and that assets and staff would remain with the States (para 11). On the other hand, New South Wales officials accepted that State funds would be transferred to the Commonwealth through a FAGs adjustment (para 15).

While the New South Wales position had been moving slowly towards the other States during multilateral negotiations, it took a quantum leap after the events of 24 June, in which Premier Greiner was forced to resign as a result of an adverse finding by the Independent Commission Against Corruption. John Fahey moved from the training portfolio to the Premier's office, where he was surrounded by advisers far less sympathetic to a national takeover of TAFE.

From this point New South Wales came firmly into the camp of the dissident States. According to Greg Woodburne, at the time Deputy Managing Director of the New South Wales TAFE Commission, the change of heart experienced by Fahey was not a dramatic one: as Premier, the TAFE takeover issue receded in importance and he was now supported by advisers like Gary Sturgess, Head of the Premier's Department, who were attracted by experiments in federalism such as that suggested in the National Partnership Model. On the other hand the new Education Minister, Virginia Chadwick, was unsympathetic to a federal takeover (interview, Woodburne, 13/2/96; confirmed in interview, Rann, 11/3/98).

When the Commonwealth seemed to have the support of two states representing some 60 per cent of TAFE activity, it could be relatively dismissive of the concerns of the majority of States and Territories. The situation was now significantly altered, as the press (eventually) realised.

> The appointment of the NSW Premier, Mr Fahey, who previously held the Industrial Relations portfolio and TAFE, is also believed to have strengthened NSW support for the position adopted by the other States. One State ministerial official said the change of Premier in NSW had strengthened the resolution of all the States in their negotiations with the Commonwealth (*Australian*, 14/7/92).

On 26 June the Prime Minister wrote to State Premiers with a softer line on funding: instead of a FAGs adjustment, he was prepared to consider some arrangement which

> continued to identify the States' contributions, so long as the funds were properly and fully committed to the NTA[National Training Authority] and could not be precipitately withdrawn. (Keating to Bannon, 26/6/92)

Joint policy making was also accepted, implying a Ministerial Council but not expressly stating so. However, a third point he described as "fundamental".

> The NTA should assume the operational management and employment functions currently exercised by State government training authorities, which would in effect be reconstituted as the operational arms of the NTA and subject to the Authority's direction .(Keating to Bannon, 26/6/92)

Unfortunately, this fundamental issue was equally basic to the States, who were not going to surrender control of their TAFE agencies at this late stage, despite personal

visits from the Prime Minister to the Premiers of Western Australia and South Australia (*Age*, 2/7/92).

Federal Retreat

The Australian reflected the pressure on the Prime Minister in a report on 15 July.

> Sources indicated yesterday that it was now up to the Prime Minister, Mr Keating, to effect any agreement from premiers in the lead up to the Canberra jobs and training summit on July 22.
>
> The latest round of negotiations by the head of the department of Prime Minister and Cabinet, Dr Mike Keating, has struck a threshold problem - the disinclination on the part of most States to allow any national training authority to have much authority. (*Australian*, 15/7/92)

Behind the scenes there had been somewhat more progress than newspaper reports revealed. Responsibility on the federal side had moved not only from DEET but from the Prime Minister's Department to the PM's personal adviser, Dr Don Russell, who negotiated with his opposite numbers in Premiers' offices, such as Barbara Deeds in South Australia. What was to prove close to the final solution was agreed between Russell and Deeds on 30 June.

- There will be a National Training Authority with responsibility to develop and implement a national policy on vocational education and training.
- There will be a Ministerial Council appointing and overseeing the National Training Authority. State training authorities will become subsidiary boards of the National Training Authority and be chaired by a state minister. These subsidiary state boards would be accountable to the National Training Authority.
- The states will be able to make payments directly to the National Training Authority. In this case, adjustments to the FAGs would not be necessary.
- Decision making by the Ministerial Council will need to reflect some pre-eminence by the Commonwealth reflecting the need for a national responsibility for the National Training Authority. (Russell to Deeds, 30/6/92)

While this was largely acceptable to the States, they were not prepared to let State training authorities become subsidiaries of the national body.

Two days before the summit the press reported a major retreat by the Prime Minister.

> The Prime Minister, Mr Keating, is set to announce agreement between the federal and state governments on a new national authority to oversee Australia's technical and further education system....
>
> The paper sent to state governments yesterday for final agreement on the new TAFE authority shows that the federal Government has been forced to compromise extensively to get states' support. (*Age*, 21/7/92)

The Prime Minister admitted the backdown the same day.

> It has to be run cooperatively, obviously, because the Commonwealth has not been the TAFE manager and it is trying to construct a new system which would be a very revolutionary change.
>
> We need national training profiles related to industry and we need volume and we need resources, and that can't be done without the Commonwealth, nor at this stage can that be done without the states. (*Australian*, 21/7/92)

In the formal statement issued by Keating and Beazley, an attachment spelt out acceptance of the States' final demand, that "State training agencies will be

accountable to State ministers and parliaments". (Keating and Beazley, joint press statement, 21/7/92, attachment 5-6)

The press were clear that a major turning point in Federal-State relations had occurred.

> The [DEET VET] division - which has been the powerhouse for the TAFE and training reform agenda for the past three years - is the main casualty of the decisions to set up the Australian National Training Authority. (*Australian*, 24/7/92)
>
> For the Victorians, vocal for months about their willingness to cede funding control to Canberra, the June scenario was particularly galling (Australian, 25/7/92).
>
> This week's arrangement amounts to a redefinition of what it means to take a national approach. As one senior State bureaucrat said this week: under this, national doesn't equal the Commonwealth, and it doesn't just mean the sum of the States (Australian, 25/7/92).

The Australian National Training Authority

Federal Dynamics

The vigorous contest which had taken place between States and Commonwealth from September 1991 to July 1992 is of interest precisely because it represents one of the relatively rare occasions when the processes of negotiation and mutual adjustment, which are more typical of intergovernmental relations than outright conflict (Galligan, Hughes and Walsh, 1991, 214), were overturned and TAFE systems were engulfed for a period in high politics.

Fletcher has pointed out that

> In a federal system the emphasis on institutions and a strong support structure is crucial for accommodating the bargaining process. (Fletcher, 1991, 85)

The problem was that the institutional base for intergovernmental relations in vocational education was not strong enough for the pressures which arose from New Federalism. Ministerial Councils and officials' standing committees are the normal institutional arrangements for "coping with the inevitable conflicts of jurisdiction and interest" (Chapman, 1988, 107) and the TAFE system had seemed to be well served by MOVEET and VEETAC.

However, as the analytic framework adopted in this study suggests, even apparently robust institutions may be vulnerable at a time of value change. MOVEET and VEETAC were the products of early managerialist initiatives within the employment, education and training portfolio, but it was the Special Premiers' Conference process which represented the full flowering of managerialism in intergovernmental relations (Fletcher and Walsh, 1991, 32-38).

Painter has argued that although the ANTA Agreement was "brought about by coercion as much as cooperation" (Painter, 1995, 12), its federal form reflects the models developed in other cases arising from New Federalism. This is essentially correct, but in some senses the body which emerged from the planning efforts of the joint Commonwealth/State Planning Group established by VEETAC on 11 August, 1992[11] was a step back from existing federalist models in the sector. This was for two reasons.

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[11] The present writer was a member of the planning group, which was chaired by Peter Grant who had led DEET's task force in support of the take-over proposals.

In the first place, although the VET sector had become accustomed to the use of companies limited by guarantee (such as the National Training Board and the National Centre for Vocational Education Research) as federalist vehicles, the Australian National Training Authority (ANTA) was established as a Commonwealth statutory authority. There is no clear record of discussions explaining this step, but it appears to have been simply a cost saving measure by the States: the Commonwealth was prepared to meet the full administrative costs of a Commonwealth authority. The States had adopted the same shortsighted economising when agreeing to the Commonwealth's offer to provide the Secretariat for VEETAC, overlooking the influence which control of a permanent Secretariat delivers.

The second was the lack of an intergovernmental character in the new system's immediate controlling authority. Although States, Territories and the Commonwealth had policy input at the level of the Ministerial Council, the executive body for the system was to be the ANTA Board, composed wholly of nominated industry and ACTU members.

VEETAC, which was to be disbanded when ANTA commenced operations, had combined State, Commonwealth, Territory and industry representatives in a joint executive and coordinating body for the national VET system. VEETAC's abolition represented, to some degree, a lessening of the federalist character of VET coordination.

The National Vocational Education and Training System

What is usually known as the ANTA Agreement is in fact the National Vocational Education and Training System Agreement [an authoritative summary of the ANTA arrangements is in Taylor, 1996, Ch 3]. The Agreement is embedded in the Australian National Training Authority Act 1992 and complementary legislation passed by State Parliaments. It established a peak decision making body, the Ministerial Council (MINCO), differing from MOVEET by adoption of a weighted voting system, the States and Territories each having a single vote, the Commonwealth having two votes and a casting vote.

ANTA was made responsible for advice on national policy, developing the national strategic plan and administration of the agreement. ANTA is managed by a business-led Board. State Training Agencies are established by State legislation and answerable to State Ministers. Their function is the preparation of State Training Profiles, effectively the State's annual claim on shared funding.

ANTA was made responsible for preparing a National Strategic Plan with a currency of three to five years and for setting annual planning parameters, within which State Training profiles were to be framed.

Industry was engaged in the system through membership of the ANTA Board and through an ANTA funded and managed network of Industry Training Advisory Boards (ITABs).

Financial arrangements in the Agreement involved the States and Territories agreeing to maintain their existing effort in vocational education, measured initially in either monetary or student hours terms. The Commonwealth's agreed to inject a one-off grant of $100m as outlined in the One Nation statement with annual increments of $70m for the years 1993-95. Eighty per cent of this total funding pool was guaranteed to return to the States with 20 per cent available for discretionary allocation.

An important federalist provision of the Agreement was contained in paragraph 30. It provided that States would make available their existing VET funding to ANTA, even though it would be returned along with their share of Commonwealth funding. No State ever complied with this provision. An alternative scheme in which States would identify a separate account for their share of the ANTA funding pool, although agreed by MINCO in May 1994, was also never implemented (Taylor, 1996, 35).

Conclusion

The period described in this chapter was one of intense conflict between Federal and State Governments. TAFE and the vocational education and training sector found themselves caught up in one of the relatively rare occasions when the normally cooperative and adjustive mechanisms of intergovernmental management failed. This was less because of the dynamics of the training sector than because the nature of the federation itself was being tested by a significant change in national values, in the course of the adoption of an economic rationalist and managerialist ethic of government.

The mechanism through which the conflict was fought and resolved was the use of political rhetoric to move the issue from policy communities in which one or other protagonist was unsuccessful to wider audiences from whom greater sympathy might be expected. John Dawkins was the policy entrepreneur who introduced the policy initiative through a window he had largely created through his dual strategy of presenting TAFE as unresponsive to the needs of industry and States as unable to meet the resource demands suggested by the Deveson, Finn and Carmichael inquiries - all of which were established at his initiative.

The accession of Prime Minister Keating, the transfer of Minister Dawkins to Treasury and the collapse and difficult reconstruction of the Special Premiers' Conference process derailed the initial impetus behind the policy proposal. Although the take-over proposal was resumed and met with success in attracting the support of the Prime Minister and his Department, resisting States were able to deploy a countervailing rhetoric. This rhetoric was aimed at the general community, at their Premiers and central agencies, and at ambivalent members of their own community. It developed sufficient strength to defeat the Dawkins initiative.

Much was changed, however. Institutions are crucial to the way policy issues are played out in a federal polity and a new set of institutions, based on new interpretations of the character of the federation, had emerged. Although the new institutions represented an experiment in federalism, they were arguably slightly less federalist in character than those they replaced. It could well be argued that the new national institutions in vocational education and training met at least part of the objectives of the original policy entrepreneur, as they moved the system somewhat closer to the centralist edge of the federal continuum.

8

Conclusion

Introduction

This chapter summarises and evaluates the research in three parts. In the first place, a narrative summary of the building of national institutions for the management and coordination of vocational education and training in Australia is given. This summary highlights the oscillation of vocational education between the times it has occupied a place high on the national policy agenda, and the times when it has remained an essential but largely forgotten element of national life.

Secondly, the four hypotheses advanced from the review of the theoretical literature on Australian federalism are tested against the experience of institutional creation in the vocational education and training sector.

Finally, the utility of the research's analytic framework is reviewed in the light of the empirical work conducted in the research.

Building the Institutions of the National VET System

Colonial Experiences

Public policy towards technical and vocational education in Australia has always reflected underlying political values. The historical foundations of Australian technical education are closely interwoven with the foundations of the nation. British settlement in Australia took place at a period in which laissez-faire and minimal State ideologies were dominant in the homeland. In the Australian colonies, practical pressures required a greater role for the State, but even so investment in technical education was for many years patchy and inadequate and management was left largely in the hands of voluntary and community bodies.

The growth of industrialisation and a new ideology of colonial liberalism and State interventionism led to a wholly new outlook on technical and vocational education. For the first time an identifiable policy community existed for technical education.

The proponents of expanded and systemically managed technical education were able to mobilise rhetoric encompassing both national economic efficiency and individual self-development. Both claims meshed well with colonial liberalism's State interventionism and with its democratic temper.

As a result, technical education had its first experience of participation in high politics in the 1880s and 1890s. During that time, the foundations of an enduring system of technical and further education were firmly laid, with the creation first of important technical institutions and, soon afterwards, of State bureaucracies for the coordination and management of the institutions.

This period of technical education history had, obviously, little direct consequence for the development of Federal-State relations, other than sharing in the spirit of nationalism which led the colonies to federate from January 1901. After federation, technical education gradually faded from view.

The Twentieth Century

Education in all its forms was strictly a State power in the new federal constitution. Within the States, a gradual narrowing of focus appeared, as in the New South Wales decision to exclude non-apprentice students from technical college classes and to end day time attendance for apprentices. This narrowing of scope, less evident in Victoria where independent colleges maintained the 'poor man's grammar school' ethos, was even further restricted by the constraints of economic depression in the 1930s.

One effect of the Depression years, however, was to encourage some policy makers to think for the first time of a role in technical education for the Federal Government. As well, the experience of two wars and periods of postwar reconstruction, showed how technical education could function as a national entity in a period of national emergency. But it was to be many years before technical education found itself in a value climate which would propel it once more on to the stage of 'high politics'. After more than six decades of neglect outside times of emergency, technical educators were becoming impatient with the marginal role assigned to them by government and especially with what they considered a hopelessly inadequate contribution from the Federal Government.

This impatience was increased by the growing tide of community opinion which saw room for a more active role for the Federal Government in many social areas it had previously avoided. For technical education, the problem was exacerbated by the poor treatment it felt it had experienced at the hands of policy makers concerned with the needs of the higher education sector. Increasingly, the issue of equity between students in technical, compared to higher education, would become part of the rhetoric of complaint.

At the same time, technical educators were concerned to support the one area of the federal bureaucracy which seemed willing to propose an active role for the Federal Government in vocational training. This was the Labour portfolio, where the task was to convince Labour officials and Ministers that plans for increasing industry skill levels made no sense without plans for expanding technical education.

The Two Cultures in Technical Education

Thus two competing values which had always coexisted uneasily within vocational education and training re-emerged as a practical issue. The narrow, instrumental view of vocational education provided useful arguments appealing to the federal Labour Ministry, the more interventionist arm of the Federal Government. The broader,

educational value seemed to receive very little response from the federal Education and Science Ministry, although in fact the only significant federal financial assistance to technical education flowed through that agency.

It is possible to identify the emergence of the two cultures of technical educators and training regulators as early as the 1950s, cultures marked by competing value systems, entrenched in differing government institutions and defended by separate policy communities. However, no evidence of strong conflict is evident until the 1970s and 1980s. The differing cultures did not produce significant conflict while the objective of both sides was to seek improved influence and financial resources for the training sector as a whole. Only when such influence and resources were available, in the Whitlam era and beyond, did competition emerge more strongly.

The experience of one of the early national institutions in training, the National Training Council (NTC), is important for the strengthening it gave to the emerging divergence between training and education cultures. While the NTC had disappeared by the time of the major policy debates in the 1980s and 1990s, its subordinate training committees, then mostly entitled Industry Training Advisory Boards (ITABs), continued. In at least some cases, there was also a continuing asperity in their relations with TAFE institutions.

Also continuing into the 1980s and 1990s were the State and Federal Government agencies, some responsible for training and others for technical and further education. The not easily compatible cultures of these groups were to provide a source of policy tension when, in the 1980s and 1990s, successive governments embarked on a path of amalgamation of education and training agencies.

A New View of Technical Education

The policy environment of the Whitlam Labor Government between 1972 and 1975 represented a significant change to community values about the scope and reach of government, the strength of the Commonwealth within Federal-State relations and the role of education in securing community and individual goals.

There was considerable ferment at the same time within the universe of discourse within which education as a whole positioned itself. In a number of areas, the theory of lifelong or recurrent education took firm hold. A small group of policy entrepreneurs in the sector succeeded in appropriating the new philosophy as a driving force for technical education, which during this time became known as technical and further education.

The Kangan Committee (The Australian Committee on Technical and Further Education, 1973-74) succeeded in coupling the practical concerns of a long neglected sector to the recurrent education philosophy and thence to the wider social reform ambitions of an activist government. TAFE once more became a central policy issue and secured substantial material and symbolic gains. After the Whitlam experience, it was no longer possible to argue that TAFE was not a major responsibility of the Commonwealth. In many respects, the Fraser administration took up where the Whitlam Government left off. The place of TAFE had been secured until the fundamental value changes of the mid-1980s meant that all areas of public endeavour were once again subject to question and reform.

The Fraser administration drew to an end with the relevant policy community shaken by the difficulties of ineradicable youth unemployment and broader transition issues, but with its faith in the fundamental underpinnings of the institutions created at the recommendation of the Kangan committee undiminished. There were, however,

signals emerging of a shift in attitudes to education. These changing values had transformed policy stances in relation to higher education and would, before long, effect a radical value shift in perspectives on vocational education.

At the institutional level, the Fraser administration was conservative rather than innovative. The creation of the Commonwealth Tertiary Education Commission (CTEC) had been set in train by the Whitlam Government before its defeat. While the Liberal Government made an important contribution by including TAFE within CTEC along with the university and advanced education sectors, this was a logical extension of policies already established.

Fraser's New Federalism was more an exercise in fiscal restraint than a genuine change in intergovernmental relations. In TAFE, the institutions of the Kangan era, once CTEC had been established, remained largely unaltered except in so far as they gathered increasing responsibilities in remedial education policy for socially disadvantaged groups, an initiative well within the compass of their original objectives.

However, the increasing dissatisfaction of policy makers with the failure of education policy to produce the results they desired in relation to youth transition was soon to impact on all areas of education and in time to transform radically attitudes to the role of the TAFE sector.

The Return of a Training Culture

The first two Hawke administrations between 1983 and 1987 lacked the dramatic changes in education policy and institutions which were to characterise Hawke's third term and the first Keating administration. Ferment was, however, not far below the surface.

Even so, the period was important both for institutional creativity on the part of the States, which put in place the last building blocks of a national TAFE system, and for the growth of tensions within the Federal Government which were to erupt in the undermining and abolition of the Commonwealth Tertiary Education Commission in the opening weeks of the Government's third term.

While intense, the tensions which arose over TAFE policy and institutional management were almost entirely confined within the federal bureaucracy and the Cabinet. Even insiders within the policy community admit to having been surprised by the strength of the assault on TAFE which was to emerge, especially from the Department of Employment and Industrial Relations, the contemporary incarnation of the Federal Labour Ministry

What seems to have been happening was that TAFE issues were gradually being caught up within a change in the dominant values driving government policy, especially the growth of managerialism and the creation of an agenda of microeconomic reform.

Clearly, the link between the general economic policy orientation of the Labor Government and matters of concern to TAFE was the persistence of high levels of unemployment and the failure of successive traditional policies in TAFE (such as the Transition Program and the Participation and Equity Program) to have the effects the Government expected.

At the same time those who led the TAFE-relevant policy community in the decade from 1976 to 1986, especially State TAFE Chief Executives, put at risk the value consensus of the Kangan era when they utilised the rhetoric of TAFE's employment and industry relevance to mobilise support for resource growth.

As well as the failure of some TAFE leaders to detect the swing of official opinion towards vocationalism, education policy entrepreneurs of the period in a series of Reports (eg QERC,1985; Kirby, 1985; CTEC, 1986), made what turned out to be over-optimistic predictions of substantial declines in youth unemployment if their prescriptions were followed. Having been disappointed by a decade of liberal educational policies, governments, especially at federal level, began to listen to those who advocated instrumental objectives in vocational education and the application of market forces to achieve them. A window of opportunity existed for a policy entrepreneur and the incoming Minister for Employment, Education and Training in 1987, John Dawkins, was well prepared for the opportunity.

Reform and Conflict

It has been argued that between 1987 and 1990 Minister John Dawkins engaged in a systematic process of setting a policy agenda derived from the new value system of corporatist and managerialist approaches to government. A clear policy trail of documents and initiatives illuminates his attempts to mobilise support through rhetoric which stressed the urgency of adopting an economic and instrumentalist view of education and training and cast the existing public TAFE system as maladaptive and non-responsive, an obstacle to economic development and industrial relations flexibility.

The training reform agenda was deeply rooted in a new industrial relations agenda built on the concept of award restructuring. This approach allowed the recruitment of representatives of the industry parties into a corporatist 'common front' against institution based vocational education. The fact that a common front was not easily developed, especially with some employer organisations, reflects the degree to which the rhetoric was contrived and, in its characterisation of an unresponsive TAFE system, went well beyond the actual experience of the parties involved.

Nevertheless, the foundations of a corporatist and managerialist agenda for training reform were laid in this period. From 1990, this foundation was to be strengthened by a second stage agenda which stressed the incapacity of the present training system to meet projected demand, especially industry demand, and which invited the industry parties to participate in the formal machinery of government policy setting to a degree which had few precedents.

Eventually, this new agenda led to the Commonwealth's 1991 attempt to take complete control of TAFE and Training and to the events which were the primary focus of this research.

VET and Federalism

The research has explored four hypotheses about the nature of Australian federalism as seen through the prism of policy development and institution building in the VET sector.

Concurrent Federalism

The first hypothesis concerned the argument that the Australian federation is concurrent rather than coordinate.

The proponents of this hypothesis argue that the construction of the Constitution itself, in which very few powers are designated as exclusive to the Commonwealth and most are intended to be shared, indicates an essential concurrency of design (Galligan, 1995, 199). Of course, powers not expressly allocated in the Constitution, such as the education power, remained the formal preserve of the States, although where the

Commonwealth has powers to make valid laws, these are guaranteed primacy over conflicting State laws.

Even where no power is designated in the Constitution as a basis for federal intervention, the Federal Government has not only overwhelming financial dominance, especially since the adoption of uniform taxation in 1942, but a general power to intervene with conditional financial aid under Section 96.

> According to the concurrent paradigm of federalism, therefore, the Commonwealth's entry into policy areas that are otherwise within the jurisdictional domain of the States is not an illicit invasion. Rather, the constitution specifically allows both levels of government legitimate involvement in such fields, the States through their 'residual' powers and the Commonwealth through specific purpose payments. (Galligan, 1995, 201)

Other theorists take a more agnostic or sceptical view of the proposition that the constitution has always been inherently concurrent, but are prepared to accept that contemporary constitutional practice certainly is (Wiltshire, 1992, 166). Whether inherent or the product of evolution, the consensus among theoreticians is that Australia is now and has been for some time a dual polity in which jurisdictions significantly overlap and novel issues are likely to give rise to claims on both levels of government (Painter, 1988, 59). Some writers, especially economists, support the notion of concurrency on the grounds of the benefits of jurisdictional competition (Gerritsen, 1990, 230).

The experience of the vocational education sector would appear to give strong support to the reconceptualisation of Australian federalism from a coordinate to a concurrent perspective, from layer cake to marble cake. Moreover, the VET experience suggests that the process was an evolutionary one.

As La Nauze has pointed out, the drafters of the constitution would not have accepted the proposition that the Commonwealth could spend its money as it pleased, regardless of lack of designated powers (La Nauze, 1972, 272). It is clear that the Federal Gover-nment's early steps into even marginal areas of education were tentative and resisted by States, as for example, the State Premiers' complaints about the establishment of cadet corps in schools in the first decade of federation (Birch, 1975, 45).

Gradually a somewhat more expansive role was accepted for the Commonwealth in education, as national sentiment grew and as successive High Court decisions, especially the Engineers and Federal Roads cases, expanded the constitutional reach of the Commonwealth. But for many decades the growth of a Commonwealth role was distrusted by the States and not encouraged by either Labor or Conservative federal administrations, except in war and post-war reconstruction.

From the perspective of the States, it is possible to discern a considerable continuity between Victorian Director Tate's assertion in the 1930s that objection would be taken by the States to any expanded federal role in education (Tate, 1932, 547) and Victorian Premier Bolte's 1961 insistence that he would "strenuously resist" any attempt by the Commonwealth to direct how its financial assistance to education, if any eventuated, was to be spent (Tomlinson, 1979, 32).

On the other hand, the vigorous participation of the Commonwealth in vocational education in two wars and, to a lesser extent, during the Depression, meant that for a significant period in the first half of the century there was an active federal program of vocational training, supplementing State activities. The World War I (and post-war) Commonwealth role covered a period from 1917 to 1926, the Depression involvement, beginning only in the later years of the economic downturn, occupied the

period 1937 to 1939 and the Second World War and Reconstruction intervention lasted from 1939 to 1952. Thus, in 23 years out of 35 the Commonwealth was actively engaged in vocational education and its engagement was made, after some deliberation in each case, as a shared enterprise with State technical education agencies.

The years of the Second World War represented a peak of concurrent Federal-State involvement in vocational education, the passage of the 'benefits to students' referendum seeming to suggest that a new era of concurrent federalism in education policy had arrived. However, this high water mark receded after the end of the war, as no consensus could be found within the political community for a continuance of the Commonwealth's role, other than in higher education and in responsibilities under international treaties.

At the same time, joint activity did not wholly disappear. The establishment of the Australian Apprenticeship Advisory committee in 1956 was a continuation, however limited, of shared responsibility for vocational training. The extension of federal aid to technical institutions in the 1960s, however accidental, meant that shared responsibility for vocational education policy became institutionalised.

The institutions created in the Whitlam era, continued and expanded by the Fraser administration, meant that a concurrent federal approach to vocational education had become irreversible. The reforms of the 1980s led to the establishment of truly federalist, national institutions and in the takeover debate in the 1990s, the smaller States and Territories explicitly presented a concurrent federalist vision as the image most likely to gain acceptance from the wider community.

The eventual resolution of that debate was by the creation of a new institutional framework in the spirit of concurrent federalism, although one, it has been argued here, of a somewhat more centralist cast than the institutions it replaced.

The evidence for the evolution of a concurrent federalist approach to vocational education policy and institutions thus seems strong. However, it is not unchallenged: the ghost of a coordinate vision of federalism has remained powerful. It was this continuing image of a neatly ordered federation, for example, which seems to have dominated policy makers' vision when they desired to return to normalcy after the Second World War, abandoning the successful experience of Federal-State cooperation in vocational education over the previous decade and a half.

During the lengthy years of successive Menzies administrations, the coordinate vision burned brightly, as Menzies, an experienced advocate in constitutional jurisdictions, had a clearly developed view of federal evolution, in which centrifugal forces competed with centripetal. To Menzies, any departure from a coordinate view would lead either to the disintegration of the federation or its transformation into a unitary state, depending on which force was stronger (Menzies, 1967, 2).

Even during the period of the Hawke Government's 'New Federalism', it seems clear that many State leaders sought reform in a coordinate spirit. Thus, an EPAC survey of State views in 1990 indicated that all States had complained of "avoidable and unnecessary overlap" between the layers of government (EPAC, 1990, 6). The Tasmanian Government complained especially that in vocational education the Commonwealth had attempted to play a role out of all proportion to its funding (EPAC, 1990, 22). Similarly, a paper from the NSW Cabinet Office in 1990 called for a "rational and coherent division of functions" between levels of government (Galligan and Fletcher, 1993, 14).

Although the desire for a neater division of federal arrangements reflected in these comments did not play a direct role in the resolution of Federal-State tensions over control of vocational education in 1992, it seems an unavoidable conclusion that while the contemporary reality of the Australian Commonwealth is one of concurrent federalism, exemplified in vocational education institutions, the spirit of coordinate federalism lies not far below the surface. It may well re-emerge in a different guise, as proposals are again discussed for a transfer of VET jurisdiction to the Commonwealth (West, 1998, 87; HRCEET, 1998, xxv; Vanstone, 1996, 7-14).

Conflict and Cooperation in Federal-State Relations in VET

Many of the issues raised by contemporary federalist theory are subordinate to the prime question of coordinacy or concurrency. This applies particularly to the question of conflict or cooperation in intergovernmental relations. In a period in which either coordinate or concurrent philosophies are widely accepted by the dominant policy communities, change is likely to be incremental and consensual rather than dramatic and conflict based, although arguably the philosophy of concurrence holds more opportunity for competition and, ultimately, for conflict.

Most scholars of Federal-State relations in Australia argue that the normal pattern of intergovernmental interaction is one of cooperation, with disagreements occasional and temporary occurrences (Marshall, 1991, 214). A concurrent system of federalism is one in which bargaining and negotiation are the common experience of participants and intergovernmental institutions are created to support bargaining processes (Fletcher, 1991, 85).

The bargaining and negotiating institutions of the intergovernmental process exist to allow policy communities to develop agreement on procedures and norms for their field of government and to set parameters for debate among experts (Painter, 1988).

Contemporary theory, however, warns against overextending the concept of cooperation in intergovernmental relations. Painter has argued that the incremental adjustment processes of expert policy communities always remain vulnerable to decisions by government to act unilaterally, for whole of government reasons rather than because of factors specific to the individual policy community (Painter, 1988, 63). Because federalism retains the potential to become an all-pervasive issue in itself, there exists a capacity for a federal system to be “self-exciting” (Painter, 1988, 60).

Throughout most of the earlier history of Australian vocational education, the coordinate philosophy acted to maintain cooperation and incremental change, even if only because the two levels of government were involved so infrequently in joint endeavours, and then largely at times of high national unity in war and depression.

Considerable tension existed in the 1930s and again in the 1960s as conservative Commonwealth Governments failed to accept pressure from the States through the Australian Education Council to take a more active role in funding vocational education. However, it is in the nature of a do nothing policy that it gives rise to disappointment rather than conflict. The fact that there were no federalist institutions, beyond the Australian Apprenticeship Advisory Committee and the Australian Education Council itself, meant that there was little scope for tension within intergovernmental forums.

The institutions of the Whitlam era, continuing into the Fraser and first two Hawke administrations, facilitated a period of dramatic change which was remarkably free of Federal-State conflict. Although CTEC and the TAFE Council were created as institutions within the federal administration, rather than as joint Federal-State bodies,

the Commonwealth went to considerable lengths to accommodate State interests, including the appointment of State officials as Commissioners and Councillors.

These federal institutions have been criticised as leading to a gradual increase of Commonwealth control over TAFE priorities (Batrouney, 1985, 249) but it is undeniable that, quite apart from the increased resources made available by CTEC and the TAFE Council, State officials needed to be gently prodded by the Commonwealth to act together in a national way. One example is the fact that the Conference of TAFE Directors, originally established because the Commonwealth brought TAFE officials together in a secondary role as federal office holders during the war, only recommenced meetings in 1956 after the Commonwealth had again brought TAFE Directors together as members of the Australian Apprenticeship Advisory Committee.

Similarly, the decision of TAFE Directors to develop joint national curricula, and eventually to establish a body for that purpose, came after the Technical Teachers Union had approached the Commonwealth for federal funding for such a venture. It was the need to deal with the Kangan Committee (ACOTAFE), and subsequently the TAFE Council (TAFEC) and CTEC, which, in the view of a TAFE Director, led to the Conference of TAFE Directors becoming

> a strong, cooperative and influential group which combined extremely effectively with ACOTAFE and TAFEC. (Leo, 1989, 47)

The eclipse of CTEC, due to strains within the Commonwealth bureaucracy rather than to Federal-State tensions, although unpopular with the States, caused no significant conflict. State and Territory TAFE agencies readily adapted to Minister Dawkins new funding model and, while protesting their exclusion from the federal advisory bodies (National Board of Employment, Education and Training and Employment and Skills Formation Council) did not press the issue.

Indeed, the early years of the Dawkins era were marked by substantial innovation in federalist institution building, with a new Ministerial Council (MOVEET), new tripartite and federalist officials group (VEETAC) and new joint bodies (notably the National Training Board). According to the Deveson Review in 1990:

> One of the more productive outcomes of the challenging training context of the 1980s has been the replacement of eight discrete TAFE systems with a more integrated set of national policies and more coordinated training arrangements. (Deveson, 1990, 18)

All this changed in 1991, after Minister Dawkins' proposed to take over State TAFE systems and introduced a period of unprecedented conflict. Even so, this intense conflict lasted only from August 1991 to July 1992, and was resolved in favour of a return to federalist, national and cooperative institutions.

Generally, then, the experience of the VET sector supports the hypothesis that inter-governmental arrangements within the Australian federation are normally cooperative rather than conflictual. The 1990s experience, however, also adds weight to Painter's proposition that the movement of VET issues from their normal policy community to wider, whole of government politics, as occurred during the Special Premiers' Conference process, represents a point of vulnerability in the pattern of cooperation.

New Federalisms and the Managerialist Ideology

The most significant alterations to the patterns of Australian federalism have taken place without any conscious process of recasting federal arrangements, for example the adoption of uniform income taxation in 1942 or the widening of scope for Commonwealth action through Section 96 grants in the constitutional cases of the

1920s and 1930s. However, there have been three occasions when a formal process of reform was made under the rubric of New Federalism.

The Whitlam Government's New Federalism has been described as

> a bold but heavy handed attempt to manipulate federalism through extensive use of tied grants and direct payments to regional and local authorities for the purpose of achieving Commonwealth goals in social policy and urban development. (Galligan, 1995, 203)

In a similar vein, the Fraser Government's New Federalism has been characterised as

> designed to capture the backlash of the States produced by Whitlam's centralist initiatives....The heat of the Whitlam years was taken out of intergovernmental relations, but little else was achieved. (Galligan, 1995, 203)

If the New Federalisms of Whitlam and Fraser are of little continuing interest to federal theorists, the experience of vocational education is also unable to shed much light on the experience. State TAFE systems were willing recipients of the new federal assistance provided by the Whitlam Government and TAFE was the one educational sector spared the financial reductions of the Fraser years.

The experience of the corporate managerialist ideology which underpinned the Hawke Government's New Federalism had, however, a much greater impact on TAFE systems. One reason why the Hawke Government's federalism initiatives had a stronger chance of introducing real change than those of its predecessors was the growth of a shared managerialist philosophy in the central agencies of both Commonwealth and State Governments.

Managerialism, although an imprecise term, has been held to involve three characteristic concepts.

> First, a concern with using resources to achieve goals at the least economic cost; secondly, a concern with the coordination of government activities so that they are consistent with the overall direction of government policy; and thirdly, a concern with the design of government itself. (Galligan, Hughes and Walsh, 1991, 31-32)

The dynamic underlying the Special Premiers' Conference process, which was the vehicle for the New Federalism, was the administrative culture of managerialism. The key practical effect of managerial culture was the dominance of central over line agencies at both State and Federal level, and the enforcing of whole-of-government solutions over the preferences of specialist policy communities.

The Hawke Government's federal reform initiatives were closely linked, indeed motivated by, its push for microeconomic reform. This push had placed vocational education in the spotlight of intergovernmental politics because of the Government's belief that it was a key to improving national productivity (Dawkins and Holding, 1987, 3-4). Similarly, the federalism reforms were aimed at improving national efficiency and competitiveness, as Prime Minister Hawke noted when announcing his New Federalism initiative (WIltshire, 1992, 165).

The vocational education institutions which had existed from the time of the Whitlam Government, the TAFE Council and CTEC, were a prime target for managerialist reform, as CTEC's consensual approach was not easily reconciled with the managerialist emphasis on measurable goals and evaluation of outcomes (Marshall, 1991 2, 224).

As well, the nature of the managerialist and economically rationalist approach to government, stressing instrumental and economic values, resonated more closely with the 'training' than the 'education' cultures within vocational education. The 1985

submission from the former Department of Employment and Industrial Relations (DEIR) to the Review of TAFE Funding, for example, explicitly introduced managerialist concepts, arguing that CTEC funding, because of the close cooperation with State TAFE systems, lacked neutrality, that sharing arrangements with the States led to, in its words, a "dog's breakfast" and that Commonwealth funds should be directed to influence State priorities (DEIR, 1985, 9-10).

These managerialist values of the training culture played a leading role when the employment and training elements of the former DEIR were merged with residual elements of the former Education Department and former CTEC staff to form the Department of Employment, Education and Training in 1987.

Whatever the managerialist objections to CTEC and the TAFE Council (which was disbanded ahead of the closure of the remainder of CTEC), there seems no inherent reason why the federalist institutions (MOVEET and VEETAC) which eventually replaced CTEC should have been unacceptable in managerialist terms, especially as bodies like VEETAC, which incorporated business and union representation, were highly consonant with the corporatist element in the Government's corporate managerialist ideology.

However, managerialism emphasised the "integration of education into productivity" (Smart and Dudley, 1990, 207), allowing a policy entrepreneur like Minister Dawkins to promote a range of policy initiatives which made use of the rhetoric of microeconomic reform.

Moreover, the SPC and New Federalism process, itself the result of managerialist dominance of public policy, provided a forum where a range of policy initiatives with whole-of-government goals could be offered without the limitations imposed by the collective norms of VET specialists. Such initiatives might well prove attractive to central agency bureaucratic actors, and to political actors, such as the New South Wales Premier, who were prepared to trade areas of responsibility between governments in the interest of what was seen as a more efficient overall outcome.

In the event, the propelling power of managerialism proved inadequate to overcome the potential for resistance built in to Federal-State relations, especially when wider political considerations, especially Keating's campaign to replace Prime Minister Hawke, upset the rationalist calculus.

Overall, the experience of vocational education under managerialism was that while the ideology had considerable strength in enforcing policy change and in creating new institutions, when applied to the reform process involved in New Federalism, the managerialist views, even when shared by important policy actors at both Commonwealth and State levels, were insufficiently robust to overcome the more traditional political patterns of Federal-State relations.

Managerialism depended for success in policy making largely on the presentation of issues as technical problems requiring efficient solutions. Once mainstream politicians were able to use normal political rhetoric to reposition Dawkins' proposal to take control of vocational education in terms of the traditional arena of Federal-State and party political disputation, the managerialist ethic proved inadequate to force a solution opposed by the political process.

VET and Partisan Convergence

Federal theorists have argued that the two major political parties have, over the years, come to adopt policies on federalism which have very little difference, at least in practical effect. The Liberal Party is taken to be the less problematic exemplar, having

been always supportive of federalism in principle, but notably centralist in practice, at least in recent decades. Debate has therefore concentrated on the hypotheses of Labor's "reconciliation" to federalism.

The Liberal Party's approach to federalism, as observed by most commentators, is epitomised by Jaensch.

> Most leaders of the party have maintained a firm commitment to federalism, and to a structure of federalism little changed from the 1901 compact. However, at the same time, Federal Liberal Governments did nothing to reverse the trend in federal process - the transfer of real power to Canberra. (Jaensch, 1994, 134)

Looking specifically at education, Tomlinson argued that Liberal Governments from 1949 to 1963 displayed a relatively inflexible adherence to the established State and federal division of powers, but that from 1963 to 1971 the Government changed its philosophy and actively pursued policies in specific areas of education (Tomlinson, 1977, 28). Tomlinson notes a reversal of this process in 1971, after Prime Minister Gorton lost office in a dispute with State Governments over other issues. However, the hiatus was short lived because of the election of the Whitlam Government in 1972.

While the succeeding conservative Fraser administration announced a New Federalism and introduced financial retrenchment in a number of areas of education, it gave no evidence of a desire to turn back the boundaries of Commonwealth involvement. It continued with the independent education commissions established by the previous Government and, while it tightened control of these bodies by regularly issuing financial guidelines, this was a continuation of a process started in the last Whitlam budget.

In vocational education, there was no change of institutions or policy under the Fraser administration, although the new Government followed through on its predecessor's plan to integrate the TAFE Commission into a combined Commonwealth Tertiary Education Commission. Financial assistance to the TAFE sector grew substantially under the Fraser Government, by almost 50 per cent during the life of the Government (CTEC, 1986, Table 2.10). Far from reducing Commonwealth involvement in education policy, the Fraser Government set out to redistribute Commonwealth funding in line with its own priorities. Thus, tertiary education funding shifted from higher education to TAFE, and schools funding from the government to the non-government sector (Smart, Scott, Murphy and Dudley, 1986, 64).

Within the TAFE sector, the Fraser Government considerably expanded the role of TAFE, especially in social justice fields like aboriginal and migrant education, and particularly in youth transition programs, to the point that the Williams inquiry warned of the dangers of overloading the sector, especially with short-term initiatives (CIET, 1979, 335; Goozee, 1995, 48-49).

In contrast to the Liberal Party's avowed faith in federalism, there has never been any doubt among political scientists about the Australian Labor Party's desire to centralise power within the Commonwealth jurisdiction. However, both Labor and conservative administrations in the first half of the century were equally tentative about trespassing on the rights of the States in education - and State Labor and conservative administrations were equally defensive of their jurisdictions.

The only serious peacetime effort to blur boundaries was the creation of the Australian Education Council in 1936 to press for federal aid for technical education. The initiative came from David Drummond, the New South Wales Country Party Minister of Education, with support primarily from his Victorian conservative and Queensland Labor colleagues; the initiative was firmly rejected by a Commonwealth conservative administration.

The powers that the Labor Government was able to exercise during and after World War II under its defence powers certainly wetted the party's appetite for greater central control, culminating in two attempts to gain increased power by referenda in 1944 and 1946. The parliamentary debate on the Labor Government's Education Act in 1945 represented a high point in Labor's determination to expand the federal role in education, but it was noteworthy on that occasion that conservative leader Menzies put forward even stronger demands for federal action.

However, the failure of the post-war Labor Government to follow through on any extended role for the Commonwealth in education, apart from university education, indicated a waning enthusiasm and the incoming conservative administration in 1949 removed the issue from the policy agenda for many years.

It was not until Whitlam became leader that the Labor Party adopted a more constructive attitude to federalism than the call for the abolition of States and the Senate which was contained in its 1948 platform. Whiltam led the party to its first serious reconciliation with the fact of federalism by the way he developed plans to use Section 96 grants to effect Labor social goals through the States under Commonwealth supervision. Even so, the abolitionist plank remained within the party platform until 1971.

Both the experience of the 1972-75 Labor Government, and the rethinking of Labor policies and programs which followed its defeat, increased the party's reconciliation to federalism. By 1982, shadow education spokesman John Dawkins, looking forward to the next period of Labor Government, wrote as if his plans to make States accountable for funding against Commonwealth requirements was an unproblematic exercise of Commonwealth power.

> This will be a new form of public accountability, whereby the efforts of each of the funding partners can be measured against agreed objectives. (Dawkins and Costello, 1983, 76-77)

The vision was a managerialist one, and the dominance of managerialist views in both parties produced an even greater tendency towards policy convergence. In setting out his proposals, Dawkins was acting consistently with what had become the Labor Party's settled position by the end of the 1970s.

> By the end of the 1970s the ALP's platform regarding federalism had been brought into line with its realistic aspirations for moderate policies of social reform and a neo-conservative approach to economic management. (Galligan and Mardiste, 1992, 84)

Certainly the experience of the vocational education sector under the Whitlam, Fraser and Hawke Governments up to 1987 indicates a remarkable degree of convergence in political attitudes. Each of these administrations became increasingly concerned with the failure of education, including vocational education, to offer satisfactory responses to the problems of youth unemployment, but none questioned the basic policies, institutions and values entrenched at the beginning of the Whitlam administration.

It was the adoption of a strongly developed managerialist ethic by the third Hawke administration in 1987 which provided a sharp break with past practice, rather than any contrast of views between the major parties. Moreover, when the process of reform initiated by Minister Dawkins led to intensified conflict after his takeover proposal in 1991, the contestants were as frequently within the one party.

During the 1991-92 dispute, the leading opponents of federal Labor policy were State Labor Ministers, especially Rann of South Australia and Hallahan of Western Australia, with support from the Queensland Labor Government, the Tasmanian

Liberal Government, and the Northern Territory Country Liberal administration. On the other side were aligned the federal Labor Government and the Victorian Labor Government, both hoping to gain support from New South Wales Liberal Premier Greiner. It was Greiner's enforced resignation, and consequential changes within the New South Wales Liberal Government, which undermined the Commonwealth's prospects of victory. Inter-party differences were of little consequence.

Thus, the experience of policy development and institution building within vocational education and training lends strong support to the hypothesis of partisan convergence on federal issues and specifically to the hypothesis of Labor's reconciliation to federalism.

VET Institution Building and Policy Theory

The research has employed a framework of analysis derived from policy theory which is an adaptation of the A. I. M. model proposed by Guthrie and Koppich (Guthrie and Koppich, 1993). There has been no attempt to test this model in a systematic way, as was done for the propositions derived from federalist theory. The model has not been applied as a rigid schema. Rather, the concepts brought together in the adapted A. I. M. model have been the subject of frequent reference throughout the study, with the object of providing a consistent style of analysis through a range of divergent historical experiences.

With this qualification, it is possible to argue that the policy flow theorising applied in the research has shown itself reasonably robust in its application to varied circumstances. It is suggested, for example, that the idea of a policy flow, or policy primeval soup, in which similar solutions keep recurring, has resonance for periods as far apart as the late nineteenth and late twentieth century, with policy makers of both epochs concerned to use vocational education to improve national efficiency in the face of tight international competition.

Similarly, the notion of a policy community has application in a range of circumstances. Again, policy communities can be identified in both in the 1890s and 1990s, while the absence of more than minimal policy communities, confined to the technical education systems, is important in explaining why technical education failed to secure support for continuing federal participation after its strong showing as a national system in two world wars and post-war reconstructions.

The concept of alignment, which relates the values which dominate a specialist policy community with the values of the wider society, especially the dominant values of government, has proved relevant in a number of circumstances, especially in the era of managerialist dominance of government thinking and federalist reform.

The idea of initiative and the associated role of the policy entrepreneur has proved of major significance. John Dawkins is the pre-eminent case of a policy entrepreneur studied in this research: an individual who can make use of a period of value realignment - a policy window - to push forward policy solutions and attempt to link them to wider political issues, in this case the issue of microeconomic reform. Other entrepreneurs, such as Deakin and Ormond in nineteenth century Victoria, also succeeded because they could link the value system they envisaged for technical education to the values of the wider society.

On the other hand, policy entrepreneurs like David Drummond, Country Party founder of the Australian Education Council and John Dedman, Labor's Minister for Post War Reconstruction, were unable to succeed in their visions for a national approach to

vocational education because the values associated with the role of government, especially of the federal Government, in their times were not conducive to success.

The next stage of the model is the stage of mobilisation and success, referred to as policy determination. Policy success is crucially dependent of the use of appropriate rhetoric to link the vocational education policy proposal to the wider value system and to current political issues. John Dawkins attempted this in his take-over attempt, by using the rhetoric of national efficiency and the values of managerialism and microeconomic reform. The proposal was defeated, however, by a small States coalition which was able to use a variant of the same rhetoric, linking Dawkins' proposal to centralist and bureaucratic inefficiency, while simultaneously mobilising the traditional rhetoric of States' rights - what Painter described as the 'extra vitamins' always available for disputes within a federal system (Painter, 1988, 65).

In short, the modified A. I. M. model of the policy flow used in this study, while not applicable in all its dimensions to every instance of policy development, has considerable utility in identifying the conditions under which vocational education is likely to become the subject of 'high politics'. It is during these infrequent excursions to the forefront of the political agenda that vocational education is most likely to impact on the development of Federal-State relations and to experience a transformation of its national institutions.

General Conclusion

Australia has been building institutions for the provision of vocational education and training for most of its two centuries of history. Only in the last half of the twentieth century, however, has vocational education emerged regularly as an issue of national policy. During these periods at the forefront of national debate, vocational education has been a continuing and sometimes contested issue in intergovernmental relationships.

The development of institutions for managing and coordinating the national vocational education system has proved a fruitful arena for federalist experimentation. The institutions which had been established by the end point of this research [ANTA commenced operation in 1993] represented a significant advance in the development of institutions appropriate to concurrent federalism. However, Menzies' concern about the balance of centrifugal and centripetal forces in a federation remains a valid one.

Much in Australian federal practice points to an ever increasing centralism and an overwhelming financial and strong policy dominance by the Commonwealth. The concept of the policy flow (and the policy primeval soup) points to the survival of policy solutions despite short term defeat. The idea that the Commonwealth, which over a period of 80 years established virtually total control of the once State preserve of university education, should follow the same path with the remainder of the tertiary sector, is a strong one.

The federalist solution of 1992 in vocational education and training is unlikely to represent a stable state. At some time, a sufficient realignment of values will open a policy window for a new policy entrepreneur. Whether a renewed proposal for Commonwealth control would be as vigorously contested as in 1991 and 1992 is difficult to predict. But it is almost certain that the proposal will be made.

9

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Interview Program

Paul ALBERT, Chief Executive Officer, Curriculum Council of Western Australia

- Interviewed in Perth by phone, 21 & 22 January, 1998.
- Mr Albert was Chief Executive of the Department of Employment and Training, WA, from 1989 and Executive Director, Office of Education and Training, from 1992. From 1980-1982 he was Executive Officer of the Australian Conference of TAFE Directors.

Mark BURFORD, Management Consultant.

- Interviewed in Canberra, 13 February 1996.
- Mr Burford was General Manager, Strategic Planning and Policy, State Training Board of Victoria, from 1988-1992. He was a member of the Deveson Inquiry secretariat in 1990.

Hon. Clyde CAMERON, AO

- Interviewed in Adelaide, 13 September 1995.
- Hon Clyde Cameron was Minister for Labor, 1972-74. Minister for Labor and Immigration 1974-75 and Minister for Science and Consumer Affairs, 1975.

Hon. J. S. DAWKINS, Corporate Adviser.

- Mr. Dawkins declined a formal interview but was prepared to make a number of comments during a phone discussion in Adelaide, 15 January, 1998.
- Hon, J. S. Dawkins was Treasurer from 1991 to 1993 and Minister for Employment, Education and Training, from 1987.

Neil FERNANDES, Direcor of the Office of the Chief Executive, WA Department of Training.

- Interviewed in Perth, 2 October 1996.
- Mr Fernandes was head of the Policy Unit in the TAFE Division of the WA Education Department throughout the 1990s.

Des FOOKS, Education Consultant.

- Interviewed in Canberra, 28 September 1995, with subsequent communications.
- Mr Fooks was an Assistant Commissioner of the Commonwealth Tertiary Education Commission to 1987 and First Assistant Secretary, Department of Employment, Education and Training, until 1992.

Lyall FRICKER, AM

- Interviewed in Adelaide 1 August 1995, with subsequent communications.
- Mr Fricker was Director General of Technical and Further Education, SA, from 1981 to 1988. From 1979 he was Secretary of the SA Tertiary Education Commission and between 1972 and 1979 he was Secretary of the Commission on Advanced Education and Assistant Commissioner of the Commonwealth Tertiary Education Commission. Mr Fricker was Chair of the Australian Conference of TAFE Directors from 1986 -1988.

Peter KARMEL, AC, Chairman of the Institute of Arts, Australian National University.

- Interviewed in Canberra, 28 September 1995.
- Professor Karmel was Vice Chancellor of the Australian National University from 1982-87, Chairman of the Commonwealth Tertiary Education Commission from 1977-82 and Chairman of the Universities Commission 1971-77.

John KEEVES, Professorial Fellow in Education, Flinders University of South Australia.

- Interviewed in Adelaide 6 June 1996, with subsequent communications.
- Professor Keeves has held academic appointments since retiring as Director of the Australian Council for Educationl Research in 1984.

Peter KIRBY, Chair of the Board, National Centre for Vocational Education Research.

- Interviewed in Melbourne, 26 October 1995.

- Mr Kirby was Secretary of the Premiers' Department and Secretary of the Ministry of Education in Victoria from 1991 to 1996. From 1988 to 1991 he was Chief Executive of the SA Department for Employment and Training. He was a senior officer of the Victorian Ministry of Employment and Training from 1981 to 1988 after a period as First Assistant Secretary of the Commonwealth Labour Department. He conducted the Review of Labour Market Programs in 1984.

Geoff HAWKE, Director, Curriculum Council of WA.

- Interviewed in Perth, 2 October 1996.
- Mr Hawke was previously Director of the South East Metropolitian College of TAFE and served on the Commonwealth's Employment and Skills Formation Council.

Trevor LEO.

- Interviewed in Adelaide, 19 December 1994.
- Mr Leo was General Manager, Training, Tasmanian Department of Employment, Industrial Relations and Training to 1994. From 1989 he was Executive Director, TAFE, within the Tssmanian Education Department and is a former Chair of the Australian Conference of TAFE Directors and member of the TAFE Council of the Commonwealth Tertiary Education Commission.

Kevin PARKINSON

- Interviewed in Adelaide, 14 September 1995.
- Mr Parkinson was Superintendent (Research), SA Department of TAFE until 1985. He was Professional Assistant to the Director General of TAFE from 1971 to 1975 and Executive Officer, Australian Conference of TAFE Directors, 1972-74.

Gregor RAMSEY, Partner, TASA International.

- Interviewed in Adelaide, 1997.
- Dr Ramsey was Chairman, NSW TAFE Commission 1991-95. He was Deputy Chair of the National Board of Employment, Education and Training from 1987 -89 and Chair from 1989-91. He was a Commissioner of the Commonwealth Tertiary Education Commission from 1984-87.

Hon. Mike RANN, Leader of the Opposition, South Australia.

- Interviewed in Adelaide, 11 March 1998.
- Hon. Mike Rann was Minister for Business and Regional Development in SA from 1992-93 and Minister for Employment and TAFE from 1989-92.

John RAY,

- Interviewed by phone 8 February 1996.
- Mr Ray was Executive Director of the National Board of Employment, Education and Training to 1988. From 1980-87 he was Assitant Secretary of the Department of Employment and Industrial Relations and from 1975-88 Secretary to the Technical and Further Education Council.

Hon. E. GOUGH Whitlam, AC, QC.

- Interviewed by phone 3 November 1995.
- Mr Whitlam was Australian Prime Minister bewteen 1972 and 1975.

Professor Greg WOODBURNE, Education Consultant and Adjunct Professor, University of Technology, Sydney.

- Interviewed in Canberra on 13 February 1996.
- Prof. Woodburne was a senior official of NSW TAFE for many years, retiring as Deputy Managing Director in 1995.