

ATTEMPTS TO DEPOLITICISE FUNDING PROGRAMS: The Schools Commission under the Whitlam Government 1973-75

5.1 INTRODUCTION

A key element in the Australian Labor Party strategy to depoliticise education funding was to remove the administration of funding from the political realm, where it was under the direct control of the responsible minister, in order to place it under the oversight of an independent statutory Schools Commission, composed of experts in educational administration and finance. The Schools Commission Act empowered the Commission to research the extent of educational needs, to devise measures of assistance, and to administer the distribution of section 96 grants to government and non-government school authorities in each of the states and territories. By increasing the quantum of funding and locating its distribution with the Schools Commission, the Whitlam government intended that the funding process would cease to be a political issue. At the same time it was anticipated that this distributive political process would contribute significantly to Labor's 'three great aims' of promoting equality, involving people in political decisions, and liberating the talents and uplifting the horizons of the Australian people (Whitlam 1972b, 5 & 35). These administrative procedures would not only depoliticise funding, but would enable all people to have an equal prospect of social power (Marginson 1997, 17).

This chapter examines the administrative policies and procedures instituted by the Schools Commission in response to the Interim Committee (Karmel) report, the extent of funding, its impact on meeting the needs and redressing the ALP's access and equity concerns, the range of contemporary reactions and the extent to which the Whitlam government's intended political outcomes were achieved.

5.2 INDEPENDENT COMMISSIONS AND THE POLITICAL PROCESS

Thompson (1979, 71-72) has cogently argued that the Whitlam administration was a reformist government in a hurry led by an impatient Prime Minister. In coming to office, it suffered from a number of legacies which it saw as disadvantages to be overcome. Among these were: no previous ministerial experience; a recognition of the deficiencies of the Westminster-style system of government, particularly the lack of machinery for policy evaluation, Cabinet's ineffectiveness as a planning and coordinating body, and the resulting dependence of government

on Treasury for economic advice and planning; a distrust of the public service, which it perceived as being aligned to the previous Coalition government; and a residual of ongoing statutory programs which had to be funded in addition to any ALP initiatives.

Reform began at the centre with the strengthening of the Department of Prime Minister and Cabinet with the establishment of a Priority Review Staff and a Policy Coordination Unit. However, between 1973 and 1975 it was in the Treasury that the strongest resistance to the reformist political philosophy was to be found. In Thompson's estimation (1979, 77-79), government attempts to bypass Treasury, using hasty and ad hoc patterns of government, and the chaos in Cabinet, meant that the bureaucracy neither respected nor felt accountable to it. The relatively small (with a 1971 staffing level of 953) and comparatively recent Commonwealth Department of Education and Science should have been more open to experimentation and more willing to embrace new programs, with a consequential growth in status and responsibility. Nevertheless, the new government was already committed by the 1969 ALP Conference resolution (ALP 1969, 197) to a vision of an independent statutory body along the lines of the Universities Commission in order to depoliticise the issues associated with federal funding for non-government schools.

Kogan and Packwood's study of advisory councils and committees on education in England makes the point that such councils have long been assumed to be a necessary part of the policy-forming and testing system (Kogan and Packwood 1974, 1). Both Menzies and Whitlam drew inspiration from these English precedents for their own educational funding programs. Implicit in this system of public administration are a number of safeguards for government: the capacity to test ideas on the electorate without a commitment to their adoption; the possibility of government procrastination in the face of irreconcilable claims; and the ability to assimilate criticism and to neutralise the critics of the existing order or proposed program (Chapman 1973). In addition to this, social democrats are drawn to commissions because of their propensity to generate ideas which in turn become grist for the radical mill (Kogan and Packwood 1974, 1-2).

In Australia in 1972 there was the added attraction that an education commission could be constituted in such a way so as to avoid the restrictive influence of Treasury. Just how pervasive this influence was during the Whitlam era can be gauged from Bunting (1996, 171-172) and Weller (1989). Furthermore, as Wilenski (1986, 95-96) has demonstrated, Labor was in office but not in power as a result of its minority position in the Senate. The possibility of refusal of supply (which ultimately cost the ALP office in 1975) meant that the government needed uncontroversial policy and administrative instruments to effect its reform agenda without unnecessarily antagonising its opponents. This particular sensitivity can be seen in the backdown,

even by anti-state aid proponents, on the withdrawal of funding for wealthier non-government schools (as discussed in the previous chapter).

The Interim Committee inquiry, only one of over one hundred and twenty during the Whitlam government's short term of office (Prasser 1985, 2), was the first step in depoliticising Commonwealth funding for schools. As Smart and Manning (1986, 205) demonstrate, it was used as a means of legitimating new practices, structures and procedures. The clear intention was that a permanent independent Schools Commission would be the allocator and administrator of the greatly enhanced quantum of funding. To achieve this and to obviate open conflict about school funding, the Commission began the task of constructing a complex set of concepts, appeals and justifications (Johnston 1983). The success of this social democratic discourse lay in the fact that it 'has embedded within it the potential for different interpretations because, without this ambiguity, important groups and interests would be excluded from the alliance (which they currently maintain) and the uneasy unity would be imperilled' (Johnston 1983, 22). To an analysis of these reports we now turn.

5.3 SCHOOLS COMMISSION POLICY DEVELOPMENT, 1974 & 1975

The most significant publication by the Schools Commission during these years was its *Report for the Triennium 1976-1978* (SC 1975b) of June 1975. In this document the themes and issues of funding were canvassed, a review of the commission's work to early 1975 was given before the funding programs for the next triennium and the reasons for them were discussed in detail. Some of the issues raised by the Interim Committee report were defined more clearly or worked out in more detail. The concern of this chapter is with the way in which the Schools Commission advanced the ALP government's reform agenda by exploring more fully the issues raised in the Interim Committee's report, *Schools in Australia* (IC 1973), by reviewing funding programs and by proposing a further expansion of government funding in its attempt to bring about change while at the same time depoliticising the issue of state aid to non-government schools. Its sectoral impact and some reactions to the funding programs will also be explored. Chapter 6 will explore in more detail the reaction of the Fraser government to the recommendations for the triennium.

5.3.1 Themes.

The report noted that during 1974 and 1975 some \$760 million had been provided to Australian schools for programs recommended by the Interim Committee, a considerably greater sum than had previously been provided for uniform per capita grants for recurrent expenses in non-government schools. It reiterated the fact that the commission was concerned with improving the quality of Australian education in line with, among others, the following factors:

the primary obligation of governments to provide and maintain government school systems, the prior right of parental choice of school, the need to encourage diversity and innovation in schooling, and the economic use of resources (SC 1975b, 1.3, 3).

The themes continue those found in the Interim Committee report, although some had undergone further development. Equality was taken to mean more equal outcomes from schooling on a group not an individual basis. The 1975 report argued that because greater public spending was devoted to higher levels of education with a consequential income transfer from poorer to richer families (SC 1975b, 2.2, 6), the balance in educational spending should be tipped towards the years when all children are in school to give them 'a basic plateau of competence' (SC 1975b, 2.4 & 2.5, 7). It also adopted the radical egalitarian anti-competitive stance of the teachers' unions in arguing against competition and in favour of equality of respect (Marginson 1997, 52). Funding policies were designed so that schooling 'should be seen as intervention designed to widen the options, possibilities and experience open to all children, and particularly to those whose options are more limited' and the commission 'has no desire to reinforce traditional methods as the best way of achieving these objectives' (SC 1975b, 2.4, 7). The report took a developmental view of teaching and learning, arguing that there was no reason to assume that the traditional subject fields, or high culture, are the only avenues through which thought may be developed or basic skills learned (SC 1975b, 2.6 & 2.7, 7 & 8). It also claimed that greater equality of educational outcomes lay with passing increased responsibility to the learner for his learning in a school environment where the diversity of Australian culture is supported and valued and where open attitudes are held (SC 1975b, 2.8-2.15, 8-10). The authors of the report appeared unaware of some of the theoretical confusion such a line of argument presented (see Crittenden 1978, 225-241) nor of the political difficulty of sustaining anti-competition as a collective goal. Not even the Whitlam reformist government was prepared to take the radical and politically sensitive step of abolishing positional competition in education as the means of achieving equality of outcomes for all social groups (Marginson 1997, 52-53). The Commission appears to have misjudged the significance for the government of its depoliticising role in making these suggestions.

Recognising the importance of the social questions concerning the purpose, control and structures of schooling in the search for greater equalities in educational provision and outcomes, the commission expressed its concern to accelerate the decentralisation of decision-making to the school level where teachers, parents and students should have the right to participate (SC 1975b, 1.7 & 1.8, 5; 2.16 & 2.17, 10-11). It saw itself as being open to all submissions, though limited by finance in its support of worthy ideas (SC 1975b, 2.19-2.21, 11-12). Again these ideas were too radical for many school systems. Consequently, they were likely to put at risk the Interim Committee's funding recommendations.

The progressive tenor of the discussion of themes did little to encourage confidence in the non-government sector where the social radicalism of the late 1960s had only just begun to permeate into the ranks of teachers but was almost entirely absent from the outlook of system and school administrators. The natural tendency was to react defensively in response to the Schools Commission report rather than to see it as presenting new opportunities for the sector to experiment with new forms and structures of schooling. That was to come later.

5.3.2 Issues in Funding

The Commission asserted that 'substantial improvements are needed' and that 'inner-city schools ... [are] a national disgrace' (SC 1975b, 3.1, 13). Its goals were therefore to obtain maximum effectiveness for expenditure, to promote equality and to be equitable between recipients, and to give precedence to schools having the greatest need. The objectives were therefore to ensure a basic minimum in all schools, to promote a greater equality in schooling, to improve the quality of teaching and administration, to encourage particular structural changes in schooling to produce greater variety and choice among schools, and to promote the economic use of resources through shared facilities and services in a locality (SC 1975b, 3.2-3.3). For the most part these were acceptable goals for all schooling sectors.

In the context of quite modest national educational expenditure where five times as much was being spent on a university student than on a primary student, the Commission argued that this 'may in part account for or at least accentuate the disadvantage in life chances of those who leave the education system at lower levels' (SC 1975b, 3.6, 14). Primary schools should be 'sufficiently equipped for their task' (SC 1975b, 3.16, 17). It also sought to counter the argument that a high rate of public sector expenditure may produce greater inflation. Salaries which make up 80% of educational costs, it was argued, had not outstripped average weekly earnings (SC 1975b, 3.8, 4.25 & 26, 15, 45-46).

The Commission recognised that Commonwealth funding had prevented the collapse of impoverished Catholic parochial schools as costs exceeded fee increases, but that they had been prevented from making substantial progress towards standards of resources equivalent to those in government schools (SC 1975b, 3.11, 15). In turn the limited capital program was unable to meet the states' most urgent needs to bring government school facilities to modest standards (SC 1975b, 3.12, 16).

For the first time there was the recognition that simply providing funding to attack problems was no guarantee that the situation could be bettered. It argued that organisational practices needed to change and that adequate planning periods for capital funding were needed. As a consequence, the targets for improved resource levels of the Interim Committee report were

recommended for re-endorsement but the dates were extended to 1980 for primary schools and 1982 for secondary schools (SC 1975b, 3.14-3.18, 16-17). Maintenance of effort was reiterated and, in the case of non-government schools, defined as increases in private contributions commensurate with increases in average weekly earnings (SC 1975b, 3.22, 18). It also recognised the likely future effects of inflation and recommended that supplements to grants be made available on a regular basis to offset the effects of inflation (SC 1975b, 3.23-3.25, 18-19). This was welcome news for schools in all sectors as they faced the crippling effects of inflation.

The question of parental choice was discussed in relation to the size of the sectors and the ability of the government to fund unlimited choice. As White (1973,43) pointed out at the time, equality was seen by the Karmel and subsequent Commission reports as equality of diversity. Parental choice was regarded as a positive factor in enhancing the desired diversity. The 1975 report faced the reality that the Interim Committee's objectives that the non-government enrolments would regain their former levels and the hoped-for increase in non-government schools in new suburbs had not been achieved in the 1974-75 biennium. It therefore advocated funding for increased choice during 1976-1978 where this could be achieved without distortions in the use of facilities, disruptions of services and significant diseconomies. The theory was that a wider range of community groups could be helped to become educational providers, developing greater diversity in schooling for the enrichment of students and society, although unlimited expansion was not considered to be an option. Special funding was to be made available for 15,000 new places in the next triennium in the non-government sector (SC 1975b, 160, 216).

The obstruction to fulfilling these goals seems to have been the bind the commission placed itself in over achieving too many objectives at the one time, most notably, the achievement of equality of outcomes from education, priority of funding to government schools, greatest funding to areas of greatest need, the right of parental choice but limitations on the relative size of the sectors at 1972 levels. All things considered, the trends up until 1975 did not justify Marginson's hyperbolic claim (1997, 60) that a 'fatal blow' had been dealt by the Interim Committee's report to the government system's capacity to sustain a comprehensive role.

To avoid the undesirability of funding low-resource new non-government schools, the innovatory category of Supported Schools was to be introduced (SC 1975b, 3.32-3.33, 20-21). Such schools were to be fully financed from government sources in exchange for open access of students, fees of no more than 5% of standard costs, and conformity to federal and state statutory requirements. Governing bodies of Supported Schools would contain a minority of public nominees as well as representatives of the parents and teachers. Published audited annual accounts were to be required of these schools (SC 1975b, 13.76-13.79, 158-159). Later reports reveal how impractical and unattractive this proposal proved to be to the non-government sector.

Some attempt was made to justify the funding of schools and not individuals on the ground that control over how the money was spent was more practicable. Vouchers were dismissed as impractical because they had not been widely tested elsewhere. The commission went on to recommend that the system of taxation concessional deductions for school expenses be replaced by a taxation rebate scheme for school expenses which was equitable between income levels and co-ordinated with other taxation measures (SC 1975b, 3.35-3.37 & 3.45-3.47, 21-24).

The report appears to admit that, although funding was doing some good, the poorest schools had not been effectively targeted, nor had the provision of new non-government school places in areas of greatest need, the new suburbs of Australian cities, been achieved. The huge cost of modernising neglected state schools in inner city areas was soaking up most of the capital grant. There is more than a hint (for example SC 1975b, 3.33, 21) that self-interested wealthy non-government schools were blocking real progress by taking unneeded recurrent funding.

5.3.3 Needs-based funding formula: the Schools Recurrent Resource Index (SRRI)

The Interim Committee Report had used the operational definition of need as 'a minimum quantity and quality of resources in schools' (IC 1973, 5.9, 49). After surveying the resources used in government schools in the whole of Australia in 1972, the committee constructed an Index of Quantum of Recurrent Resource Use which was designed to bring all schools to a common level of resource use by 1979 (see Table 5.1). The index was adjusted for

Table 5.1
Index of Quantum of Recurrent Resource Use,
Government and Catholic Systemic Schools, Australia 1972

<i>State or Territory</i>	<i>Govt. Primary</i> <i>Base: All state systems =</i> <i>100</i>	<i>Govt. Secondary</i> <i>Base: All state</i> <i>systems + 100</i>	<i>Catholic Systemic</i> <i>Base: All state</i> <i>primary systems</i> <i>= 100</i>
New South Wales	99	95	81
Victoria	101	100	72
Queensland	100	99	78
South Australia	102	106	84
Western Australia	97	113	75
Tasmania	103	109	85
Australian Capital Territory	111	101	79
Northern Territory	115	123	78

Source: Interim Committee Report, *Schools in Australia*, Tables 6.1 & 6.3 pp.61 & 67.

the distribution of school size in view of the 'geographic (dis-) advantage' (6.11, 58). This was used as a basis for establishing the targets of a 40% average increase in resource use in

government primary schools and 35% in government secondary schools by 1979 (IC 1973, 6.15-6.17, 62). These targets were set at the estimated level of resources used in the 'wealthiest' non-government schools in 1972.

The Schools Commission's began collecting data on government and non-government schools' costs in order to develop an improved formula for comparison of need in relation to systems and non-government schools. Anomalies from the application of the Karmel index (see Mortensen 1987 chs 1 & 2) had made a more refined index desirable. This new index, based on the 1972 school year and known as the Schools Recurrent Resources Index (SRRI), was to take into account the increase of 55% in the cost of educational goods and services from June 1972 to December 1974. It had two main components: the number of professional staff available in relation to the number of students in a school; and the quantity of other goods and services available within the school. As a general guide the former component was about 80% of total costs. The targets were set at 140 points (on 1974 SRRI base of 100) for primary schools by 1980 and 135 for secondary schools by 1982 (SC 1975b, 13.1-13.23, 131-138). In essence the SRRI for a government system could be expressed as the following function:

$$\text{SRRI} = \text{Resources available} / \text{resources required} \times 100.$$

For a non-government school, the formula could be expressed:

$$\text{SRRI} = \text{Private resources available} / \text{Total resources required} \times 100.$$

The SRRI measured the private recurrent expenditure of a non-government school relative to total resources required on the basis of 'standard costs', which were the average annual costs in the government sector (Mortensen 1987, 37).

In discussing the application to non-government schools (SC 1975b, 13.43-13.59, 145-150), recognition was given to the fact that in Catholic schools as religious staff declined, costs had increased as lay staff were employed to replace them. Furthermore, salaries and working conditions for non-government school teachers, which had previously been lower than those for government school teachers, were being increased to give parity. No account was taken by the Schools Commission of the need to service debt on capital expenditure, because it was not considered to be a service available to students. Although, in giving consideration to schools in special circumstances such as isolated schools or small schools which were new and expanding rapidly and the need to include the interest incurred on operating costs, the SRRI was more realistic than the previous Karmel index. This method of rating was assumed by the commission to result in 'substantial improvements in the provision of educational services by non-government schools so funded' (SC 1975b, 13.50 147-148).

The development of policy by the Schools Commission was on the one hand hampered by the idealistic vision of social changes which could be achieved through educational funding while, on the other, it was tinged with realism as to the inflationary effects that a relatively large increase in funding for all social welfare programs was having on the recipients as well as the community at large (despite the earlier claim that teachers' salaries had not risen disproportionately ahead of average earnings). In general, however, its policies were well received because of the promised increases in funding.

5.4 SCHOOLS COMMISSION FUNDING PROGRAMS IN 1974 AND 1975

5.4.1 Application of the SRRI to non-government schools

The Interim Committee used this method to assess the needs of non-government schools without regard to parental means or to the debt loading of particular schools. An index of quantum of current resource use was calculated in aggregate for Catholic systemic schools in each diocese and for individual independent schools. No adjustments were made for school size. Catholic schools were assessed on primary school standards with an allowance for the small secondary component. Non-systemic non-government schools were measured using secondary standards (IC 1973, 6.38-6.39, 67). This, in itself, was a source of some inequity, particularly for schools at the lower margin of each of the eight categories of need (as set out in Tables 5.2 & 5.3).

Table 5.2
General Recurrent Grants Recommended for
Non-systemic Non-government Schools, 1974 and 1975

Category	1974		1975	
	Primary \$ per capita	Secondary \$ per capita	Primary \$ per capita	Secondary \$ per capita
A	40	65	25	35
B	45	65	45	65
C	60	90	60	90
D	70	100	75	115
E	75	110	90	140
F	80	120	105	165
G	85	130	120	190
H	90	140	135	215

Source: Interim Committee Report, *Schools in Australia*, Table 6.5 p.72.

5.4.2 Funding recommendations

(a) Recommendations for Catholic Systemic Schools:

The Interim Committee concluded that Catholic systemic schools were operating at 80% of government primary school resource use with greater variation amongst Catholic systemic schools (17%) than state government primary schools (6%). In calculating this, religious teachers' salaries were treated as being equal to all other teachers. It was recommended that general recurrent grants should have a common basis with government systems. The funding recommendations would bring them one-third of the way towards the 1979 targets by December 1975. Grants of \$26.23 million for 1974 and \$38.2 million for 1975 were recommended. These were to replace the \$18 million provided under the *States Grants (Schools) Act of 1972* (IC 1973, 6.40-6.45, 67-69). Praetz (1980b, 60-77) suggested that this relatively generous treatment may have been a direct result of commissioners F M Martin's and Peter Tannock's involvement in developing Catholic systems of schools. Needless to say, this increased level of funding was gratefully accepted by the Catholic systems.

(b) Recommendations for Non-systemic Non-government Schools:

Even greater variation was found among this disparate group of schools. Accordingly, they were classified into three sub-groups: (1) one hundred non-systemic non-government primary schools (25 with average recurrent resource use below government primary school and a range from 30% below to 170% above); (2) one hundred and eighty non-Catholic secondary and primary-secondary schools (with an average resource level 40% above the state secondary schools, while some had over 200%); and (3) four hundred and sixty Catholic secondary and primary-secondary schools (50 of which had resources above the average state secondary school, while the average was only 70% and a range of 40% to 270%).

Such inequality, in the view of the Interim Committee, demanded classification so that well-endowed schools would not simply use grants to offset fees rather than increase resources. The committee recommended eight categories (A to H) in descending order of quantum of recurrent resources used. Since Category A used resources well in advance of the 1979 targets, it recommended that the gradual phasing out of assistance over 1974 and 1975. Category B, which had already attained 1979 targets, should receive reduced financial help. Categories C and D, which were below 1979 targets but above current average, should receive grants at the 1973 rates. Others were to receive higher levels (see Table 5.2). The distribution of schools according to Categories A to H is shown in Table 5.3. The total funding to non-systemic, non-government schools was estimated at \$31.13 million in 1974 and 40.59 million in 1975. Such grants were to

replace recurrent grants under *States Grants (Schools) Act 1972*, so the magnitude of recurrent funding was not greater. Some 60% of pupils in this category would receive greater assistance (IC 1973, 6.46-6.54, 69-73).

The recommendation that assistance to Category A schools should be phased out, while justifiable on economic and equity grounds, was short-sighted politically. The Commission would have been well aware of the controversy generated over the initial attempt by the ALP to remove funding. This recommendation was unlikely to gain government support because of its potential to re-politicise Commonwealth funding.

Table 5.3

Distribution of Categories of Need, Non-systemic Schools, Australia 1972

<i>Category</i>	<i>Proportion (per cent)</i>
A	19
B	6
C	7
D	5
E	8
F	15
G	19
H	21
	100

Source: Interim Committee Report, *Schools in Australia*, Table 6.6 p.72.

Recognition was given to the fact that schools having similar resource use may be in receipt of quite different government contributions. The report also recognised that, as the proportion of religious teachers in Catholic schools declined, government assistance would become higher in some schools. Two alternatives were suggested: a matching of fees to assistance, or public representation on school governing boards (IC 1973, 6.55-6.56, 73-74). The second alternative became the Supported Schools concept of the 1975 report (SC 1975b, 3.32-3.33, 20-21). Its abject failure arose from the fierce determination by the non-government sector to preserve its independence. Since fees were set by schools, not by government, the first suggestion was also impractical.

(c) Recommendations for capital grants

As well as the Commonwealth commitment to school libraries, to the upgrading of disadvantaged schools, to the establishment of special facilities for physically and mentally handicapped, and to the creation of education centres and special projects, the Interim

Committee recommended funds for the general upgrading of the quality of the physical plant of schools and, in the case of non-government schools, for the provision of new pupil places to restore the pre-1972 inter-sectoral enrolment balance.

(i) Government Schools:

The Committee identified two broad categories of needs: (i) buildings to accommodate increased enrolments, shifts in population and reductions in class size; and (ii) expenditure on replacement and upgrading of dilapidated and outmoded buildings. It was judged that the \$167 million under the *States Grants (Schools) Act 1972* was sufficient for the first category. Taking into consideration the states' ability to pay for upgrading, another \$100 million was made available over 1974-1975 for the second (IC 1973, 7.1-7.11, 75-77).

(ii) Non-government Schools:

On the basis of maintaining the non-government sector's size, the Interim Committee had recommended that 15,000 new places be made available during 1974-1975. Encouragement was given to parents, teachers and students who wished to establish a school on approaches different to established schools by giving them access to recurrent funding. It was expected that non-government school authorities would make some contribution to the capital costs. A small allocation of \$15 million per year plus and another \$1,680,000 under the *States Grants (Science Laboratories) Act 1971* were recommended. Distribution among states was to be on the basis of non-government school enrolments and projected enrolment increases, but with the Minister having the authority to transfer funding from one state to another on the recommendation of the Commission (IC 1973, 7.12-7.24, 77-80).

5.4.3 Extent of funding in 1974 & 1975

In practice, it was not policy or mechanisms that were of prime importance in depoliticising government funding of non-government schools. It was the quantum leap in total Commonwealth allocations to schools that achieved this end. The level of school funding for 1974 and 1975 represented a sixfold increase on the Commonwealth's previous year's commitment (Smart 1978, 109). The extent of Commonwealth expenditure can be seen from Table 5.4 which also shows the significant increases in state outlays. Three points emerge: the Commonwealth contribution to school education funding was not greater than 25% of total funding in any of these years (Table 5.4 A (1)/ C (1) X 100); the Commonwealth's financial capacity was expanding at a much faster rate than the states' (2.5 as against 2.16 from the 1971/72 base year); and Commonwealth funding not only declined as a percentage of total outlays after 1974/75 but the rate of increase in real terms also diminished.

Table 5.4
Public Outlay on Schools and Total Public Outlay, Australia 1971/72 to 1975/76

Source of outlay	1971/2 \$m	1972/3 \$m	1973/4 \$m	1974/5 \$m	1975/6 \$m
A. Commonwealth (a)					
(1) On schools	99	125	240	567	636
(2) Total outlay	8,628	9,737	11,901	17,386	21,600
(1) as % of (2)	1.1	1.3	2.0	3.3	2.9
B. States (a)					
(1) On schools	1,023	1,197	1,500	2,216	2,706
(2) Total outlay	6,370	7,086	8,436	11,291	13,775
(1) as % of (2)	16.1	16.9	17.8	19.6	19.6
C. All governments					
(1) On schools	1,077	1,286	1,600	2,330	2,840
(2) Total outlay	12,012	13,372	16,150	22,254	27,150
(1) as % of (2)	9.0	9.5	9.9	10.5	10.5

(a) Commonwealth Government special purpose grants to the States are included in Sections A and B to allow comparison with total outlays. The total outlays in Section C therefore are less than the sum of outlays in Sections A & B, since in Section C these grants are included once only. Apart from this, states' expenditures refer to the allocation of their own resources and are exclusive of Commonwealth allocations.

Source: SC Report: Rolling Triennium 1977-1979, July 1976, Table A.14 p112.

The position with respect to public funding for non-government schools is shown in Table 5.5. The rate of expansion of government outlays on non-government schools (435% for Commonwealth, 388% for state and 414% for total outlays between 1971/72 and 1975/76) was well in excess of the expansion of outlays on all schools (226%) for the same period. Although not of major concern at the time because of the increasing rate of overall funding, this disparity fueled the later claims by state school supporters, once Commonwealth funding became limited and shares of that funding became contentious, that non-government schools were being favoured at the expense of the government sector, for which governments had an acknowledged prior responsibility.

Another factor was also at work in fueling later political discontent once funding moved from using distributory to regulatory and/or redistributory mechanisms (Morgan 1992). This was the unexpected decision by state governments to increase their proportionate expenditure on schools, thereby lifting still further the resource base which was used for the calculation of the SRRI. The effect of this was to increase still further Commonwealth allocations to non-government schools (Harrold 1987, chapter 1). Vocal government school supporters were outraged at such expansionary funding of private schools at a time when many older government schools were in need of refurbishment and new facilities.

Table 5.5
Contributions by Commonwealth and State Governments to Recurrent Expenditure for Non-government Schools in the States, 1971/72 to 1975/76

Source of expenditure	1971/2 \$m	1972/3 \$m	1973/4 \$m	1974/5 \$m	1975/6 \$m
Commonwealth government	29.6	41.0	55.1	108.0	129.0
State governments *	24.0	40.0	49.6	78.5	93.0
All governments	53.6	81.0	104.7	186.5	222.0

Source: SC Report: Rolling Triennium 1977-1979, July 1976, Table A.17 p114.

* General recurrent grants and transport subsidies accounted for over 90% of state government funding for non-government schools. Only in South Australia was there no state government funding for non-government schools (see SC, *Report: Rolling Triennium 1977-1979*, July 1976, Table A18, p.115).

A further source of grievance for anti-state aiders was that, under this method of funding, systemic non-government schools were free to use recurrent grants to start up new schools and non-systemic non-government schools were unrestricted in their ability to offer new student places. The only impediment to expansion was the lack of assistance with capital works. However, it would appear that most schools were more concerned with consolidation and modernisation than with opportunistic expansion under the new regime.

Table 5.6
Number of Institutions which received Financial Assistance in 1974 under States Grants (Schools) Acts 1972-1974 and 1973-1974

Program	Purpose of Grant	School Sector	No. of Schools
General: 1972-74 Act(a)	Buildings	Government	351
		Non-government	45
1973-74 Act	Buildings	Government	770
		Non-government	51
Libraries:	Science Laboratories Supplementary Buildings	Non-government	50
		Government - primary	138
Disadvantaged schools	Book grants	secondary	153
		Non-government - primary	726
Special schools	Buildings	Government	118
		Catholic systemic	82
Teacher development	Recurrent expendit. Buildings	Catholic systemic	198
		Government	45
	Recurrent expendit. Buildings	Non-government	195
		Education centres	5
	Recurrent expendit.		9

Note: Figures related to buildings include projects that were proposed for the 1974-75 period but which actually commenced prior to 31 December 1974.

(a) Relates to the period from 1 July 1974 -31 December 1974.

Source: SC, *Report for the Triennium 1976-1978*, June 1975 Table C.3 p.270.

The actual number of institutions which received capital funding is shown in Table 5.6. These data reveal the meagre capital funding of non-government school projects, particularly when the extent of the needs in the Catholic systemic part of the sector as identified by the Interim Committee are taken into consideration. These statistics reinforce the view that there was practically no attempt to promote new initiatives in the non-government sector, despite a stated commitment to encourage innovation.

5.4.4 Implementation difficulties

Blackburn (1993, 173-177), a member of both the Interim Committee and the Schools Commission, has frankly recounted some of the difficulties the Labor funding program experienced in the implementation phase. At the parliamentary level, the defeat in the Senate of the recommended withdrawal of funds from highly-resourced Category A schools called into question the needs-based approach to aid for private schools. The politically inept party room decision to remove funding immediately as a matter of distributive justice cast the whole needs principle as the basis for depoliticising state aid back into the political arena. Consensus was not achieved on the government's terms and conservative vested interests triumphed over egalitarianism as aid was restored to these schools. Secondly, the settlement of that issue by negotiation with the Country Party produced a further concession by the Labor government. The inclusion of the promotion of parental choice in schooling as an objective of the Schools Commission (clause 13 4 (b) of the Schools Commission Act) created a conflict in objectives which continued to be a source of discord during the life of the Commission.

The Schools Commission administration also produced some unfortunate side effects. The special purpose programs, accounting for only 10% of the total funding gave to school communities some discretion over the use of funds for overcoming disadvantage or promoting innovation. This was seen to counter the claim that these programs would not interfere with existing patterns of control in state systems. Secondly, the Commission was never able to devote sufficient funds to capital improvements for sub-standard public schools. Thirdly, the School Commission, along with the other education commissions, built up escalating claims on public funds. This was unacceptable to a government faced by high inflation and strong claims from other portfolios for funding. In response, government was forced to set parameters for the Commission in framing its priorities. These were contained in the annual Ministerial Guidelines issued to the Schools Commission (see Chapter 6, below).

There were unintended consequences also which arose from unforeseen changes in circumstances. Inflation and unfulfilled and escalating expectations showed that funding was not the sole remedy for educational problems. Although the reaction of state governments to the new funding regime is examined in more detail in the next chapter, it is sufficient to note at this point

that their independent decision to allocate additional state funds for public school improvement served to widen rather than narrow the resource gap between state and systemic Catholic schools. It allowed state schools to reach the 1979 targets earlier than expected. This inevitably meant that the Schools Commission was forced to focus its funding recommendations more on the non-government sector than on all schools. It illustrates the problem caused in federal/state relations by unilateral action without consultation where both levels of government have responsibility for funding a particular activity.

As Blackburn pointed out (1993, 174) the needs-based policy was designed to redress the deficiencies of the past rather than having a serious future orientation. It was therefore not suited to lasting consensus, although it was effective in the short term in depoliticising the state aid issue. As Catholic systems consolidated existing schools and used recurrent grants to extend Catholic schooling into new districts, the Whitlam government (and subsequent Commonwealth administrations) was unwilling to introduce requirements for public accountability and the maintenance of effort. Ultimately, it was the Commonwealth's inability to maintain this system of distributive politics and the accompanying need to moderate claims on the public purse that led to a fresh outbreak of political dissent over Commonwealth aid to non-government schools.

5.5 IMPACT ON SCHOOLS

Schools Commission funding affected schools both in direct and indirect ways. The particular focus of the following discussion is the impact of these measures on the non-government sector in order to analyse the factors contributing to changes in the sectoral balance.

5.5.1 Direct impact

The immediate impact of the formation of the Schools Commission was to change the level of funding for many schools from a flat across the board per capita rate, which the 1972 States Grants (Schools) Act provided, to a sliding rate according to category. This caused those non-government schools in higher category levels to devote time and considerable energy to reviewing their financial arrangements and reporting practices. The majority of non-government school communities were supportive of the Schools Commission's efforts to lift the resource levels of the poorest schools. However, they were not persuaded that this should be done at the cost of withdrawing funding from better-resourced schools. The Category A schools' defence of their right to continued funding found widespread sympathy from the non-government sector as all schools had to revise how income was reported in an effort to gain the most favourable rate of recurrent support.

Sufficient pressure was exerted upon the federal minister for him to establish an appeals process against the level of category for a particular school. An outcome of this was that some 55 of the original 105 schools in Category A were transferred to lower categories (Smart 1978, 110). The final allocation of non-systemic non-government schools to categories may be seen from Table 5.7. It is apparent that the so-called 'wealthy' schools constituted only 6.3% of non-systemic non-government schools with 10% of enrolments (or 5% of enrolments in the total non-government sector). In contrast, 43% of schools and 47% of enrolments were in the lowest two categories. The average annual fees charged in Catholic non-systemic primary schools was \$124 while those of non-Catholic primary schools was \$429. Recurrent grants therefore ranged from as low as 12% of the recurrent income of Category A schools to a high of 44% of Catholic non-systemic Category H schools (SC, *Report*, 1975 Table 4.24 p55). A similar picture emerges with respect to junior secondary, while recurrent grants as a proportion of total recurrent income for senior secondary students fell slightly.

Table 5.7
Non-systemic Schools by Category, Numbers, Enrolments and Per Capita Payments, December 1974

Category	Schools (a)	Enrolments		1974 per capita payments (b)	
		Number of students	Percentage of total	Primary \$	Secondary \$
A	49	31,597	10.07	59.5	92
B	46	27,435	8.74	65	97.5
C	82	26,508	8.44	70.5	103
D	88	24,458	7.79	76	110.5
E	78	20,068	6.39	81.5	119.5
F	97	34,772	11.08	87	130
G	146	61,616	19.63	92	141
H	185	87,413	27.85	97.5	152
Total	771	313,867	100.00		

(a) Includes new schools opened during 1974 and other schools which did not apply for categorisation until after the appeals were determined.

(b) These rates rose substantially in 1975.

Source: Schools Commission, *Report for the Triennium 1976-1978*, June 1975 Table 5.1, p57.

The combined effect between 1973 and 1975 of the new funding arrangements and the fall in contributed services, particularly by religious teaching orders in Catholic schools, may be seen in the statistical report on the number of schools in Australia for 1973, 1974 and 1975 (Table 5.8). This table clearly shows that the total number of non-government schools was in decline, despite the massive funding initiatives of the Whitlam government. The trend is most noticeable in the primary and composite (primary/secondary) areas. The slight growth in the

secondary sector is more than likely due to the shedding of uneconomic primary departments by composite schools in order to concentrate resources in the area of greatest enrolment expansion. This is reinforced by Table 5.9 which shows the enrolments in the non-government sector.

Table 5.8

Number of Schools in Australia 1973, 1974 and 1975

School level and sector	1973	1974	1975
Primary			
Government	5801	5775	5758
Non-government	1421	1412	1404
Total primary	7222	7187	7162
Secondary			
Government	1018	1038	1057
Non-government	337	338	340
Total secondary	1355	1376	1397
Composite (Primary & secondary)			
Government	493	482	451
Non-government	418	407	396
Total composite	911	889	847
All schools			
Government	7312	7295	7266
Non-government	2176	2157	2140
Total all schools	9488	9452	9406

Source: Schools Commission, *Report: Rolling Triennium 1977-79*, Table A.10 p.108.

Table 5.9

Students in Non-government Schools

Year	Primary	Secondary	Total	Proportion of total school enrolments
1972	362,800	247 100	610,000	21.5
1973	356,900	254 200	611,100	21.5
1974	356,600	261 100	617,600	21.5
1975	354,200	265 600	619,800	21.3

Source: Schools Commission, *Report for the Triennium 1982-84*, March 1981, Tables 9.1 & 9.2, 234-5.

In the context of an overall declining growth rate, there had been an increase in enrolments in government schools over the decade to 1975, particularly in the primary sector (see

Table 5.10). This trend had been at the expense of the non-government primary schools and was not stemmed by the introduction of School Commission funding.

Table 5.10
Percentage Growth in Government and Non-government Enrolments, 1966 to 1975

Year	Primary		Secondary		Total	
	Govt.	Non-govt.	Govt.	Non-govt.	Govt.	Non-govt.
	%	%	%	%	%	%
1966-69	7.13	-0.93	16.95	11.34	10.17	3.43
1969-72	2.51	-1.94	11.43	7.02	5.44	1.49
1972-75	0.55	-2.52	7.89	7.48	3.10	1.52

Source: SC, *Report: Rolling Triennium 1977-1979*, July 1976 Table A.4 p103.

While the trend in government school enrolment rates in the 1972-1975 period continued to fall, the rate in non-government secondary schools showed a turnaround. This suggests that the needs-based resource funding which the Commission had targeted particularly at Catholic systemic primary schools was such a blunt instrument that its effect was being seen in a slight upturn in non-government school secondary enrolments. This may reflect a decision by systemic authorities to channel funding either directly or indirectly into the secondary area, particularly in the provision of services and professional development of staff. On the other hand it could have been an outcome of the gains in efficiency from the reorganisation of Catholic secondary schools into regional schools with feeder primary schools during the 1960s (Hogan 1978, 250) or from the decisions of Protestant independent schools to take the opportunity to rid themselves of uneconomic infants departments and to concentrate on increasing their secondary enrolments. It may simply have reflected a growing community demand for tertiary entrance into a course of the student's choice which was more likely to be achieved from a non-government school than a government one, despite the effects of inflation on non-government school fees. There is little to suggest that there was a marked growth in student places in the non-government sector, much less an expansion in provision of new non-government schools as a result of School Commission funding between 1972 and 1975. Superficially, this may appear to counter William's (1984a) argument regarding the demand response to reduced 'pricing' of non-government schools. Uncertainty over future directions of state aid, concern over the impact of inflation on school costs (and therefore fees) and the unavailability of capital grants to expand non-government school places, all contributed to a lagged effect on demand. That is to say that demand was not driven by price alone.

Since teachers' salaries comprised some 80% of school costs, a comparison of teacher employment by sector reveals that, as in government schools, most resources were being deployed

in the reduction of pupil/teacher ratios. Primary school ratios improved from 31.3 to 27.4 for Catholic schools between 1972 and 1975 and 26.9 to 22.5 in state schools. In non-Catholic non-government schools, the ratio actually increased slightly from 17.0 to 17.3, indicating a rationalisation of primary classes with a redeployment of resources to the secondary sector instead (a factor reinforcing the suggested reasons given above for the growth of non-government secondary schools between 1972 and 1975). Secondary ratios for the same period improved from 22.2 to 19.8 for Catholic schools, 16.7 to 14.2 for government schools and 14.2 to 14.1 for non-Catholic schools (SC 1976b, 106). It would appear that inflation was producing considerable financial pressure for the higher category non-Catholic non-government schools during the Whitlam years, leaving them in no position to consider expansion. Nor would others interested in forming new schools have felt optimistic about their chances of viability. The provision of \$30 million in capital grants in recommendation 18.58 of the Schools Commission's 1975 report (p216) for 15,000 new places during the 1976-1978 triennium suggests a recognition by the commission that the object of maintaining the relative sizes of the two sectors was not likely under existing arrangements and that further financial allocations would be needed in the next triennium to prevent further erosion of the strength of the non-government sector.

5.5.2 The indirect impact and unintended outcomes

The Commonwealth entry into recurrent funding of government schools had very significant non-educational outcomes. The sudden expansion under the Karmel programs of school education budgets, expenditure and demands for capital and recurrent inputs came at a time when other factors in the Australian (and world) economy were inflationary. It has been persuasively argued that the magnitude of the expenditure, the contribution to the pressure for wage increases and the pressures on the resources of the building industry all had inflationary effects (Selby Smith 1978, 143-144). The difficulties state administrators had in spending the additional funds efficiently were exacerbated by the complexities of integrated planning in the state bureaucracies of the time. Waste was caused by serious time lags between funding and spending as the highest inflation in twenty years ate away the real value of Commonwealth grants. To counteract this, the Schools Commission suggested, and the government agreed to, cost supplementation. However, cost control was well nigh impossible and supplementation only went part of the way towards restoring the real value of grants. Furthermore, the prospect of supplementation only fueled the inflationary cycle. No attempt was made in the 1975 report of the commission to refute this aspect of the program. Its impact on the non-government sector was to force costs of resources up, so that the real value of funding was eroded and, more importantly, maintenance of effort by schools and school authorities was endangered.

Pressures for wage increases were also fanned by the availability of greater funding. Although the object was to reduce class sizes by lowering the pupil/teacher ratio, the teachers' unions ran wage cases to reduce the number of steps on the salary scale, thereby giving the predominantly younger members of the profession most of the benefit from increased Commonwealth funding. Selby Smith (1978, 152) argued that this benefited women disproportionately, since they dominated primary teaching and that it was analogous to monopoly rent, producing inefficiencies, since the same outcome could have been achieved at lower cost. The impact on the non-government sector was to cause teachers in that sector to seek flow-on parity of salaries and conditions with state teachers, thereby forcing costs up still further. The systemic Catholic schools were particularly vulnerable because of the decline in the number of teachers from religious orders. The Schools Commission (1975b, 265) sought to show that the increase in teaching salaries was not out of line with average earnings. The report failed to note that the teaching profession was increasingly younger (average age in 1974 was 33 - see SC 1975b, Table 4.10, p41), predominantly female and therefore increasingly less comparable with the makeup of the adult workforce from which the average wage was derived. Secondly, by selecting such a short time series (1970-1974), the comparison failed to present a true picture of the change of relationship in earnings which was already under way before 1970. The *Melbourne Age* commented that most Victorians 'would welcome more positive indications that the enormous outlay is enhancing the quality of education and not mainly the prosperity of the teaching profession' (26 September 1974, cited by Selby Smith 1978, 147).

The capital program added to the strains on the overextended construction industry in early 1974. The squeeze on credit and money supply eased this during the course of the year. State Public Works departments are less subject to fluctuations like this. The expansion of work for them continued to push demand for building materials and added to inflationary cost pressures. The non-government schools were caught in a 25% rise in costs between 1972/73 and 1973/74 (Schools Commission 1975, 265 Table B.8).

There is a clear case that Schools Commission funding of state schools under the recurrent and capital grants programs had a deleterious effect on schools and systems in the non-government sector, largely because of pre-existent inflationary pressures on and within the Australian economy. It has been argued that a more gradualist approach would have ensured better efficiency in the acquisition and use of resources in all schools.

5.6 FUNDING PROGRAMS AND DEPOLITICISATION

Marginson (1997, 60) claimed that the Interim Committee report, by allocating more funding with the greatest share going to government schools, 'normalised support for all schools in the public mind and "solved" the political tensions engendered by state aid'. Did ALP policies

and their implementation resolve the values differences and achieve the intended political consensus?

Within the Labor Party, there was widespread but incomplete acceptance of the Interim Committee's findings. Left-wing members, such as Senators Lionel Murphy and James McClelland, continued to oppose the political compromise involved in retention of funding for wealthy non-government schools. Public funding of the private good that positional advantage conveyed was seen to strike at the heart of Labor's commitment to social justice, protection of the needy, and equality of opportunity (however defined). The extent of disaffection was masked and sublimated by the significant increase in funding, the size of the allocation to government schools and the complexity of the mechanisms devised by the Schools Commission. It was to re-emerge while the ALP was in opposition between 1975 and 1983.

Some sections of the government school community continued to maintain the view that any state aid was unconstitutional and that it represented a diversion of funds away from the under-resourced public sector. The carriage of this view was with the group of organisations which combined to form the Council for the Defence of Government Schools (DOGS) and to emerge as a strident critic of the Fraser administration (see Chapter 6).

Many in the non-government sector were less than enthusiastic about the funding regimes introduced by the Schools Commission programs. Category A to E schools found themselves to be worse off than they would have been under the McMahon government's 1972 per capita recurrent funding arrangements (Mortensen 1978, 158). Category F to H schools, which were mainly Catholic, found the resources gap to be widening, despite the marked increase in funding. This necessitated increased fee levies on parents (Hughes 1975, 10; Mortensen 1978, 165-168). An undesirable outcome of the categorisation of schools was the perpetuation of social division between Catholics and others. All parts of the non-government sector were also critical of the Schools Commission's 'hopelessly wrong' economic forecasts and the impact of these on non-government schools (Hughes 1975, 11; Thwaites 1975, 65).

Relative equity was another issue insufficiently addressed by the Schools Commission at a number of levels. The Commission, by focusing on the needs of schools rather than the needs of parents, was effectively restricting the choice of the majority of parents to either a government school or Category H Catholic school education for their children. This was in contradiction of the Schools Commission Act and a denial of the freedom of belief of the United Nations Human Rights charter (Thwaites 1975, 71-72, 76; Mortensen 1978, 157). Freedom of choice was effectively restricted to those who could afford to pay the ever-increasing difference between the level of aid and full fees (Hughes 1975, 10).

Another dimension, impacting on equity and widely criticised in the non-government sector, was the nature and operation of the Schools Recurrent Resource Index (SRRI) which

continued to be the measure of a school's need until 1984. It was regarded as being too blunt an instrument that failed to take into account eight important dimensions of recurrent funding. The most far-reaching early criticism came from the Catholic sector, the sector it was purportedly designed to advantage. Foremost was the fact that the SRRI failed to distinguish between superannuation costs in the government sector which were met from state consolidated revenue (or simply not funded until the person retired) and those of the non-government sector which were met directly from operational budgets. This gave an automatic recurrent funding advantage to government schools. Non-government schools which took the socially-responsible action of providing superannuation benefits for their staff equalling or approaching those of government schools were penalised further by being given a higher SRRI rating and lower recurrent funding (Mortensen 1987, 38).

Secondly, the SRRI ignored the use by non-government schools of recurrent income to meet debt, provide extra-curricular items and to maintain high-cost historic premises. Government school costs did not take such factors into account. Thirdly, falling enrolments in many non-government schools had led to falling incomes and decreased class sizes but no saving in marginal costs associated with teacher salaries (an argument now being used by government schools against the Howard government's Enrolment Benchmark Adjustment). This impacted most severely on small schools which were obliged to maintain curriculum breadth. It was recognised by the Commission to be inequitable and the mechanism was modified under the Fraser administration (Mortensen 1987, 38-39). Fourthly, the SRRI did not give sufficient attention to the differences between isolated or country schools and city schools with respect to costs, the parents' ability to pay fees, and the fluctuations in enrolments caused by seasonal factors or movements in population. Fifthly, no recognition was given to boarding costs nor to the extent to which schools cross-subsidised more expensive aspects of their operations from other more profitable areas. Sixthly, the first form of the SRRI was not geared to take into consideration changes in operation such as amalgamations, additions of new streams, the extension into new year levels, the conversion of a single sex school into a co-educational operation, or the expansion of a school in response to increasing enrolments (Mortensen 1987, 39-40)

Criticism was also made of the insufficient weighting given by the SRRI to the additional requirements of Years 11 & 12. Increasing retention rates prevented many non-government schools from attaining the curriculum offering found in government schools (Mortensen 1987, 40). Finally, there was a disincentive to effort built into the SRRI. Low levels of private inputs attracted high levels of funding. Any school attempting to improve its curriculum offering or its extra-curricular activities by having to employ more staff risked a higher SRRI and reduced government funding. Schools were faced with making a choice between, on the one hand, charging low fees, attracting high recurrent funding and serving a wider clientele but with limited

resources and, on the other, increasing fees to improve resources but losing a proportion of the recurrent funding and having a narrower client base. The National Catholic Education Commission saw this as a stark choice where financial viability was at stake (cited by Mortensen 1987, 40).

The overall effect of the operation of the SRRI was to make poorer Catholic schools even more dependent on government for funding. Support for the Schools Commission tended to be in proportion to its financial support for a school. Many of the shortcomings of the SRRI acted as an irritant within the non-government sector and the perceived inequities in its funding programs prevented many of the established schools in the sector from coming to terms with Commonwealth funding. The wealthier schools continued to look for ways to become totally independent of government funding. It was only the erosive effects of inflation on their resource base that prevented them at that stage from moving outside the Schools Commission funding programs.

The third factor influencing the equitableness of school funding programs and their effectiveness in depoliticising the aid issue was the method of allocating capital grants and the purposes for which they were to be used. Trenchant criticism was leveled at the Schools Commission over the failure of its programs to deliver the government's promised 50% of capital grants for new student places (CPD H of R, 15 November 1973, 3402). Capital grants were only available for the upgrading of existing schools and even these did not stretch to meet all the applications in 1974 (Mortensen 1978, 172-173). Non-Catholic private school providers saw capital grants as quite inadequate in view of inflation. The Commission was criticised also for unclear criteria for determining priorities, for cumbersome and excessively time-consuming administrative requirements, and for encouraging applications from unviable projects (Thwaites 1975, 74). Delays in processing and approving applications were of particular concern at a time when building costs were escalating by 21% per quarter and finance was subject to a credit squeeze. It could mean insufficient funds to complete a project (Mortensen 1978, 172-175). Few were prepared to attempt expansion.

A fourth dimension to equity in Schools Commission funding arrangements was the perceived ineffectualness of the Disadvantaged Schools Program (DSP). Only 12% of disadvantaged schools funding was allocated to non-government schools despite the fact that Catholic systemic primary schools were operating at 80% of the resource levels of government schools. What is even more surprising is that none of the DSP funding went to Catholic secondary schools where resource levels were only 70% of those of government schools (Mortensen 1978, 175). On the positive side, the DSP did cause Catholic educators to reconsider the types of school buildings and the structure and size of class groups (McCarthy 1975, 88).

The combination of these equity considerations together with the Schools Commission's administration of the funding programs, in the view of its critics, was actually widening the resources gap between public and private schools, rather than closing it (Hughes 1975, 11; Mortensen 1978, 165-168). The unexpected increase in state funding for government schools, identified by Harrold (1987), exacerbated this trend. The outcome was that the average non-government primary school, whether Catholic or not, was in a worse position as a result of Schools Commission funding programs than before. Non-Catholic primary schools' resource levels had dropped below the level discovered in government schools by the Interim Committee. Catholic secondary schools were 3% worse off at a time when government secondary schools saw a 13% lift in resource levels. Only non-Catholic secondary schools maintained a level of resource use in excess of government schools (see Hughes 1975, 11).

Strong criticisms were made of the impact of Schools Commission programs on the independence of non-government schools. Most reviled was the 'supported schools' concept (see for example Hughes 1975, 13-14). Conditional grants were also seen to be a threat to independence (Thwaites 1975, 70-71). The maintenance of effort requirements were seen to act as a two-edged sword: failure to comply meant loss of funding; compliance and consequential improvement in resources meant a subsequent reduction in funding. This was regarded as a no-win situation for the non-government sector (Hughes 1975, 15-16).

Dissatisfaction was also expressed about the Schools Commission's administrative procedures. They were judged to be too complex. The Catholic sector was unprepared for the administration of block grants (McCarthy 1975, 84). The processes were too slow to respond to inflationary effects (Thwaites 1975, 65; Hughes 1975, 12). The absence of a non-Catholic non-government school voice on the Schools Commission meant that due consideration was not always given to the independent sector's concerns (Thwaites 1975, 67). Lack of consultation between the Commonwealth and states was also seen to be adversely impacting the non-government sector in a number of ways (Mortensen 1978, 178-179). Finally, centralised decision-making was considered to be working against the best interests of the non-government sector (Thwaites 1975, 78).

A diverse array of criticisms were being leveled at most aspects of the Schools Commission's operations. Under a distributory funding regime these were bearable although disliked. Under tighter and more regulated funding allocations, the apparent acceptance of the Whitlam program would give way to political dissent.

5.7 SUBSEQUENT ASSESSMENTS AND CONCLUSIONS

Jean Blackburn, a leading member of the Interim Committee and the Schools Commission, has claimed that 'immensely positive outcomes flowed out of the 1972 reforms' (Blackburn 1993, 175). Foremost she lists the upgrading of Australian education and the consolidation of a national perspective. Sources of disadvantage in the education of girls, migrant and Aboriginal children, and economically disadvantaged groups were targeted by the programs. She also claims that the programs operated to change old presumptions about the distributions of power within public school systems. Only two issues were identified as being unresolved: the division of responsibility for funding between Commonwealth and states; and the resolution of the private/public division of schooling in changed circumstances. She is prepared to admit that the reforms were wrongly based on meritocratic assumptions (Blackburn 1993, 176).

Dudley and Vidovich (1995, 70-71) challenge Blackburn's claim about the disadvantaged. Their conclusion was that in retrospect, disadvantaged groups were conspicuous by their absence. Although the independence and autonomy of the Schools Commission appeared to have been secured and the resolution of the state aid debate fostered, this consensus was short-lived. Changing economic and political priorities eroded both the needs principle and the credibility of the Schools Commission as an independent body.

Beilharz (1994, 87) graphically describes in a mixed metaphor the Whitlam reforms as an attempt to fix up the superstructure without paying sufficient attention to the economic base; the horse then bit the hand that fed it. He sees Whitlam's achievement to lie in the modernisation of the ALP rather than in forging a new political consensus. His bold initiative in school funding lacked the managerial efficiency that the next generation of Labor leaders would demonstrate (Beilharz 1994, 89). Whitlam's modernising process also lacked strong connections with Labor's past (Maddox 1996, 311) and had closer resemblance to Menzies' patrician approach. Its genius was in its greater coherence and boldness than any of Menzies' cautious initiatives. Its weakness lay in the loss of control by government of the independent education commissions and the inability to maintain expanding expenditure to implement their recommendations of over \$6,000 million for the 1976-1978 triennium.

As Smart (1982, 28-29) points out a number of factors beyond the government's control were responsible for limiting the expenditure on education after the watershed of 1974/1975. Foremost was the prolonged recession which Australia found itself in from 1974. Second was the inability of any federal government to continue funding education and social welfare with such large budget deficits over any length of time. Third was the dissipation of public support for increased expenditure on education which appeared to be wasting resources while not delivering

the expected outcomes (in this lay a change of emphasis from the 1973 Interim Committee's concern with inputs to the 1985 Quality of Education Review Committee's emphasis on outputs or outcomes). Fourth was the lack of overall supervision by the government of its independent commissions.

The critical budgetary position the government found itself in meant that it had to reject the reports of the commissions. The triennial funding was 'temporarily' suspended and 1976 was to be treated as a special year outside the normal triennium and expenditure increases were to be restricted to 14%. The education commissions were to prepare revised reports for a new triennium from 1977 to 1979 following guidelines laid down by the government. In this way the independence of the Schools Commission was circumscribed and many of the funding recommendations in the 1975 report were to be severely restricted if not rejected, as the next chapter will show.

Can the relative failure of the Whitlam reforms be explained solely in terms of lack of managerial efficiency and can the temporary nature of the political consensus be explained only in terms of the greatly expanded level of funding during 1974 and 1975? Is it a question of 'too much superstructure, not enough base' (Beilharz 1994, 95)? Economic explanations do not go far enough.

Welch (1996, 147) sees the attempt to secure bipartisan support using the needs-based principle to have failed because of the political compromises over continued funding for wealthy schools and because of the lack of administrative controls to prevent Catholic authorities using moneys designed for system-wide enhancement for the purpose of expanding the number of schools. This judgment is inaccurate and not born out by the evidence considered in this chapter. It reflects a later period when the needs-based concerns of the funding program had been overridden by other government objectives (as will be demonstrated in later chapters).

Marginson (1997, 65) considered that the fatal flaw lay in the open-ended tolerance of growth of the non-government sector at the expense of the public. The seeds of failure lay in permitting 'free choices' of self-regulating individuals which governments could not regulate without repoliticising the whole issue. He demonstrates the way in which the Interim Committee failed to address the question of how the strength and representativeness of the public sector should not be diluted and a wasteful duplication of resources follow (*Schools in Australia*, 2.13, 12). The utopian ideal of an integrated system drawing together of public and private appears to have obscured the practical realities of how such a system might be achieved. Yet Marginson's assessment is also astray in claiming that the whole private sector was re-energised. The 1970s, as Table 5.8 reveals, witnessed numbers of private school failures, closures and takeovers largely as a result of the failure of the Whitlam reforms to stabilise the non-government sector. In part, this

was also due to the abolition in 1974-75 of the tax concessions for school fees which actually reduced the capacity of many families to pay for private education. To understand the impact fully, it is argued that the position must be examined sector by sector. Catholic systemic school places did begin to expand, as did public school secondary enrolments (Table 5.10), while all non-systemic schools were either consolidating or contracting.

This chapter has shown that the Whitlam reforms only superficially achieved political consensus. Right from the outset, there was suspicion and misunderstanding about what the new funding regime would require in terms of accountability and loss of independence. It was soon apparent that the whole program was seriously flawed in conception and administration because of the relative inequities it created in seeking to solve previous inequities. Admittedly, some of the outcomes were unintended and unexpected. Others, such as the negative impacts of maintenance of effort on SRRI, were foreseeable. The lack of an outcomes focus for what was essentially a program concerned with resource inputs and where public accountability through the evaluation of programs was not seriously undertaken meant that there were insufficient mechanisms to check the erratic progress of the reforms in what turned out to be a difficult economic climate.

Further difficulties arose from the short time horizon of the reforms and their administration. Little thought was given to what was to happen when resources were lifted to target levels, what should happen to the funding for schools or systems reaching the targets ahead of time, what level of non-government school enrolments was to be tolerated, and how the balance between the sectors was to be stabilised. It was left to later governments to seek to redress some of these problems by a variety of mechanisms.

The political events of November-December 1975, which led to the overthrow of the Whitlam government, are well known. It is now necessary to turn to the Schools Commission policies and funding during the Fraser Coalition government's tenure of office from 1975 to 1983 to examine whether a Liberal-National Party administration was any more successful in managing the values conflicts in this public policy domain.