

TIPPING THE BALANCE IN FAVOUR OF PARENTAL CHOICE: Fraser government policies and their implementation 1975-1983

6.1 INTRODUCTION

The breakdown of the Whitlam consensus over school funding policies formed part of a larger political and financial crisis leading to the government's dismissal. The use of distributive methods to depoliticise the state aid debate had been stretched beyond either expectations or manageable limits as government was faced with independent and uncoordinated recommendations for large increases in funding from all four education commissions. Furthermore, there was growing disquiet, particularly in the non-government sector, over the Schools Commission's implementation of government policy. Instead of reducing inequity, the policies and the mechanisms used to allocate funds appeared to be creating greater inequalities between schooling sectors. Added to this were the unresolved questions of how policy outcomes were to be measured and the degree of accountability that would be required of non-government providers.

The subsequent election of the Fraser government in December 1975 witnessed the start of Commonwealth financial austerity. This involved limiting the claims on government and instituting a drive for greater managerial efficiency and accountability. (This was given impetus by the findings of the [Coombs] Royal Commission on Australian Government Administration - see Pusey 1991, 161-165.) It also signalled the end of distributive politics in Commonwealth funding for schools. In its place was a relatively static funding regime which relied on regulation and redistributive mechanisms to implement the government's vision of the good as it sought to achieve more satisfactory outcomes from Commonwealth outlays on schools. Accompanying this was the Coalition's policy of new federalism designed to revise Commonwealth-state relations by recognising state constitutional responsibilities and by encouraging the states to play a more complementary role in funding government services, particularly those for which they were responsible.

The means by which the Fraser government attempted to reapportion Commonwealth and state responsibilities in school funding, in order to reduce calls on the Commonwealth and to achieve more satisfactory outcomes from government expenditure, was to issue to the Schools Commission annually a set of ministerial guidelines. It was intended that the guidelines would

reduce the scope for independent Schools Commission recommendations regarding funding, thereby limiting the scope for political dissent. The first set of ministerial guidelines chose to place greater stress on the parental choice clause of the Schools Commission Act. This change of emphasis was designed to create a freer market in education. The impact of this and the de-emphasising of Commonwealth primary responsibility for government schools became a source of contention, particularly in the government school sector. It returned dissent over the distribution of Commonwealth aid and the constitutionality of state aid to the political sphere because of the unparalleled growth of the non-government sector. By the end of the Fraser government's term in 1983, it was clear that the non-government school enrolments had expanded by 14% (ABS, *Yearbook Australia* 1977-78, 1983) and the political debate had been reopened over the rights and wrongs of state aid for private schooling.

Two questions emerge: Why did the Fraser government bring about such a change in the relative distribution of funding, when to do so was to risk upsetting the measure of consensus the Interim Committee report and the previous Whitlam government funding policies had forged? By what means did this government seek to minimise the political consequences of this change in emphasis?

6.2 LIBERAL-COUNTRY PARTY POLICY ON EDUCATION

The Menzies period had seen schooling move from the pre-war concept of a minimalist education system for the masses to a pluralist understanding that for continued national development the Commonwealth needed to provide an appropriate level of resources for all schools. Underlying the Coalition's thought was the Platonic notion, so central to Conservative ideology, that different types of education were appropriate for the different ranks or classes in society. This view permitted differential funding in favour of private schools which would produce the leaders to benefit the whole community (Lawton 1994, 17-20). The McMahon government had moved towards equality of opportunity through its introduction of recurrent funding programs for all non-government schools. In contrast, the social democratic program of the Whitlam government had sought to equalise the standard of education for all young Australians, though it has been argued that Whitlam himself still subscribed to a meritocratic view of the function of education as providing access to advantage (Marginson 1997, 38). What was the position of the Fraser government?

The importance attached to education can be seen in the seniority given to the portfolio. The minister, Senator John Carrick, who had a background in party administration and policy development, enjoyed senior cabinet rank and the support of the Prime Minister, who had served as Minister for Education in the McMahon administration (Swan 1994; Mortensen 1985, 145).

Carrick, in considering policy options, sought advice from his department and party policy advisers in preference to the Schools Commission. This meant that education policy came to be influenced more strongly by the dominant Treasury view (Pusey 1991) than under the previous government.

Education was also closely linked to government strategies for dealing with unemployment. The prevailing human capital theory, with its strong connection between education and work, the 1979 Williams Committee of Inquiry into Education and Training and the Auchmuty National Inquiry into Education and Training all recommended changed government priorities. This was reflected in the Schools Commission's school to work transition program (SC, *Report for 1982, [1981f]* 5, 34).

While in opposition the Liberal and National Country Party Coalition had issued its *Education Policy* in October 1975. As a considered response to the ambitious Whitlam school funding program, it was designed to appeal to a significant section of the electorate. This statement ratified the planning and triennial budgeting features introduced by Labor, placed a limit on the claims on government, and sought to ameliorate the impact of static funding by insisting on greater efficiency and accountability in the allocation, distribution and application of Commonwealth funds. Efficiency objectives were difficult to achieve in the absence of established measures of outcomes.

Smart (1982) showed that the Fraser government's education policy had four dimensions: (1) determining needs and allocating priorities for federal spending; (2) coordinating programs in education with other federal activities, with state governments and with non-government schools; (3) evaluating spending and its effectiveness; and (4) encouraging research, innovations and experiments to meet society's changing aspirations. This platform also hinted at an interest in voucher funding. Six priorities were seen to emerge from these: (1) widening educational opportunity; (2) maintaining and pursuing educational quality and excellence; (3) providing choice in schooling; (4) encouraging community participation in education; (5) emphasising assessment and evaluation of expenditure and programs; and (6) rationalising administrative arrangements (Smart 1982, 30).

The main determinants of these policies were a decentralised notion of Commonwealth-state relations, a belief in the appropriateness of private provision of public goods such as education for as many as might choose them, a concern for the growing problem of economic decline, a belief in the need for responsible Commonwealth fiscal policy, a reduction in the size of the public sector, and an enhancement of private investment and production. This entailed the return of funding responsibilities for government schools to the states and the stimulation of

greater private investment in education. This was hastened by the early achievement of resource targets by government school systems between 1976 and 1978 (Harrold 1987).

The Fraser government was intentionally reformist, although the nature of these reforms differed significantly from Labor's. Its policies attempted to create a more sustainable long-term partnership with the states using a more decentralised form of federalism. Its initiatives were designed to achieve more efficient outcomes from public expenditure and to create responsive procedures to meet public demand for choice in schooling. These reforms could be portrayed as reactionary by the government's critics or as enlightened by its supporters.

6.2.1 Implications

Although the primary emphasis on needs and priorities indicated a continuation of elements of the Whitlam policy, there was a marked redefinition of the role of the Commonwealth with respect to state government schools. The Coalition concept of federalism allowed the Commonwealth a coordinating role, without accepting that its primary responsibility was to support government schools. The Coalition's commitment to smaller central government gave the states more responsibility for exercising their constitutional obligations and allowed some rationalisation and removal of duplication between levels of government. The Australian Educational Council, rather than the Schools Commission, was given an enhanced role in facilitating greater federal-state consultation in educational matters.

The emphases on managerial accountability and an outcomes focus promoted 'quality and excellence' and 'assessment and evaluation' (Liberal Party, 1975a). These arose partly from conservative ideology and partly as a pragmatic response to the community perception of waste. The concept of widening educational opportunity replaced equity and equality as the output goal. Together, these indicate the replacement of education as a tool of social engineering by individualism, meritocracy and an enhancement of the right of personal choice. They also reveal the growing influence of neo-liberal economic and social ideology of 'the market' in opposition to Keynesian policies and the welfare state (Lawton 1994, 11, 14). The government's readiness to use education to achieve other economic and social goals created the climate of acceptance a decade later for the more thoroughgoing instrumentalism under Hawke Labor (see Lindgard 1993; Pusey 1991; Smart & Dudley 1990; and the discussion in Chapters 7 & 8 below).

This program clearly represented an erosion of Schools Commission responsibilities and a diminution of its investigative role. The implication was that more restrictive parameters would be set to check its scope for free-ranging inquiry and recommendations. Evaluation of expenditure programs were designed to make the Schools Commission more accountable and to

reduce the overlap between the commission and the state education departments. Together, these measures appealed to the electorate's sense of responsible management. They were designed to offset any public reaction to the change of emphasis away from government schools.

The Coalition's commitment to advancing choice and diversity in education led to a promise to examine the feasibility of a voucher system (see Appendix 5 A 5.2) and to the ministerial guidelines' instruction to implement a basic grant for all pupils (SC, *Report for 1978* [1977a], 28 and *Some Aspects of School Finance in Australia* [SC, 1978c]). The Schools Commission's focus on funding schools, rather than individuals, and on redressing needs appeared to be under threat. Smart (1977, 42-47) has shown that this shift was seen by many in the public sector to be a return to the McMahon principle of 1972 of providing equal per capita funding of all pupils. In fact, it was a blending of the concept of per capita funding with the redressing of needs, albeit at a reduced rate than undertaken by the Whitlam administration. This permitted a basic level of funding for all, together with higher rates of funding to be targeted to the more needy schools which were mainly within the Catholic sector. It was anticipated that this would encourage a more finely-tuned funding system.

The government could not judge objectively the longer term effects of its policies, though it is clear that it was not altogether ignorant of the inflationary pressures caused by its increased funding of the non-government sector. The return to the states of a greater responsibility for funding state schools was, in part, designed to dampen the expectations of cost inflation that large increases in federal funding had previously produced. Real increases in funding were pegged to 1% to 2% per annum. What the Fraser government could not foresee was increased funding allocations to schools by state governments and the inflationary effect this would have on costs, particularly teacher' salaries. The effect of increased funding on the maintenance of private effort in the private sector was another unknown. The loss of religious staff in Catholic schools made accurate contemporary judgments of this dimension almost impossible. Williams (1984b, 323) has shown that, at the aggregate level, there was almost no diminution of private effort. This was in marked contrast to the general perception that Catholic schools had not maintained the relative levels of private contribution.

The inability of the Commonwealth to fund the Schools Commission's recommended programs meant the inevitable breakdown of the Whitlam consensus. To limit political dissent, the Fraser government concentrated decision making in the political sphere by issuing ministerial guidelines in advance, thereby preventing unanticipated Schools Commission recommendations. This procedure was also designed to control more closely the political risk of public dissent over policy directions. As Chapter 5 demonstrated, the delegation of administrative and allocative decisions to a statutory commission had not fully depoliticised the state aid issue.

6.2.2 The choice of funding pattern

The Liberal Party's *Education Policy* (1975b) clearly indicated that the Fraser government would constrain the Schools Commission's powers. It is helpful to identify the political typology of funding patterns from Whitlam to Fraser. Labor's expansionary funding programs (with the exception of its abortive attempt in 1973 to redistribute funding away from Category A schools) were of the *distributive* type (Morgan 1992, 289-306), the classic democratic means of allocating resources among contending interests to allow a win-win outcome for all parties. In contrast, the Fraser government was faced with a choice between two alternatives for limiting funding.

One option was to embrace *regulatory* measures for selective resource distribution. The restrictive ministerial guidelines were of this type. Regulation could also be achieved by tightening eligibility criteria and/or maintenance of effort requirements. The inherent problem with this approach is that it is difficult to accomplish a broad-based consensus because of the adversarial nature of the process of selecting winners and losers. Regulatory politics are inherently unstable and invariably lead to calls for increased allocations to fund all interest groups by a return to distributive solutions (Morgan's pathway 2A, see page 8 above). Only when the initial cuts produce a sufficient surplus to meet the later demands for increased universal funding can the government hope to achieve its objectives of pegging overall expenditure. Another approach is to put up with the electoral implications of continuing disaffection among certain community groups who see themselves as disadvantaged by the form of regulation. In Australia regulatory politics are difficult to maintain because of the short duration of the electoral cycle. In contrast, the Thatcher government was able to use the longer British cycle to impose regulatory reforms (see Lawton 1994, 46-105).

The second alternative was to adopt *redistributive* measures where, with static total funding, existing resources could be directed towards recipients deemed to be more worthy than others. These contentious political decisions are usually taken away from the administrative sphere and centralised in political elites. Redistribution attracts widespread public attention and tends to be cyclical with short-lived periods of attention followed by periods of stability. Debates over redistribution are often highly ideological and tend to force redistribution either towards regulatory administrative solutions (pathway 3A, page 8 above) or, by provoking a demand for additional funding, towards distributive politics (Morgan's pathway 3B).

The Fraser government's 'new federalism' had elements of both regulatory and redistributive politics. The funding guidelines demonstrably restricted the Schools Commission's freedom to act because of their prescriptive nature. On the other hand, 'new federalism' cast back on the states the prime responsibility for funding government schools, thereby allowing the Commonwealth to redistribute resources towards the non-government sector. The reduction in

the number of funding categories in 1982 and the small increases in levels of funding in real terms meant that the non-government sector was almost universally supportive of the program.

However, the Morgan/Lowi model suggests that any government will have difficulty in sustaining a system of selective rewards over time. Maintaining widespread political consensus is therefore difficult when resources are limited and likely to remain static, the more so when government itself represents a coalition of interests or groups as is the case with both sides of Australian politics. The solution is to distribute resources more broadly to create more stability through consensus. If this is not possible, regulative measures are generally less contentious than redistributive programs. The typology indicates that the Fraser government school funding policies would lead to increasing political instability as some interest groups were disadvantaged in comparison with others. It was the government school community in particular that felt itself disadvantaged and demanded redress.

It can be argued that the Fraser government had little choice but to modify the Whitlam reforms. The alternatives could not please everyone. The government therefore opted for reduced political risk of widespread dissent by imposing greater ministerial regulation and by choosing the least contentious redistributive mechanisms to effect its purposes.

6.3 POLICY IMPLEMENTATION

6.3.1 Redirecting the Schools Commission through annual Ministerial Guidelines

Consideration of the ministerial statements to parliament, the annual administrative guidelines and the Schools Commission's response to them give a clear picture of the tensions involved in the Commonwealth funding for schools between 1975 and 1983. They reveal an unambiguous intention by policymakers to limit the freedom of the commission and to increase the efficiency of its allocations in the context of only marginal increases in funding. They also reveal a carefully judged program to shift the emphasis away from needs based criteria towards facilitation of parental choice without introducing a fully deregulated system with vouchers. The risk in full deregulation was that, while dissatisfied non-government groups would become supportive, the larger government sector would become aggrieved. The dextrous management of the shift of emphasis and the rate of change were important for government success in sublimating and minimising political discord.

Guidelines were issued in December 1975 requesting the report for the 1977-1979 triennium by mid-July 1976. Further guidelines were issued each year as well as for the subsequent triennial reports of April 1978 (for the 1979-1981 triennium) and March 1981 (for the 1982-1984 triennium).

The more restricted role assigned to the Schools Commission arose from the combination of six distinct trends: firstly, differences in philosophy between the commission and the government; secondly, external pressures from state governments, independent schools and other interest groups; thirdly, the need to address the unemployment problem, a matter outside the Schools Commission's charter; fourthly, a downgrading of all federal activities and an increased expectation that the states and territories would participate more fully in school funding; fifthly, the Schools Commission's failure to develop accountability mechanisms comparable to the state education departments (Swan 1994); and sixthly, the section 96 Constitutional power to grant money and to require that funds were spent on the designated activity, did not empower the Commonwealth to insist on recipients demonstrating the achievement of measurable educational outcomes. Prior to 1983 little consideration was given to the connections between funding activities and outcomes. It was not until the Quality of Education Review Committee (QERC) report of 1985 that the question was examined publicly in a systematic way and methods of achieving accountability for educational outcomes were proposed. As Karmel (1996, 24) has observed, there was a low explicit concern with outcomes in the 1970s because of the implicit assumption that, given sufficient resources, the desirable results would automatically follow.

Certain indirect effects were discernible in response to Schools Commission funding which impacted both on policy development and on the shape of the educational debate in Australia. Catholic education had been reorganised with state Education Commissions as lobby groups. The National Council of Independent Schools (NCIS) and its state affiliates had developed as the lobby group for the non-systemic non-government schools. In the state sector, the national bodies representing government school teachers (Australian Teachers Federation [ATF]) and parents and other supporters of state schools (Australian Council of State School Organisations [ACSSO]) had become vigorous, though not always harmonious, lobby groups.

The first sign of a major shift in emphasis came with the 1976 guidelines. They reveal a government commitment to maintain the viability of the non-government sector, but not necessarily to expand it. The commission was to have three main considerations: (1) the maintenance of standards in government and non-government schools; with (2) due regard to the maintenance of effort on both capital and recurrent expenditure by the states and the non-government schools; and (3) the effective and economic use of resources. Three other requirements were mentioned: (4) due regard to the additional costs arising from the replacement of members of religious orders by lay teachers in non-government schools and to schools which found themselves unable to raise fee income in line with rising costs; (5) the problems of educating children in country areas, including non-government boarding schools; and (6) the provision of additional places in schools to assist with increases in enrolments and shifts in population, the replacement and upgrading of existing sub-standard facilities, and efficiency and

economy in school construction in both government and non-government schools (*Report: Rolling Triennium 1977-1979* [SC 1975b], 1.6, 2-3).

The commission responded by pointing out that the guidelines opened a new role - to report not only on needs, but also to report to government on priorities and the best use of a pre-determined level of financial resources (SC 1975b, 1.4 pp1-2). The commissioners saw the prescriptive guidelines as too inflexible and argued for the ability to introduce modifications as the need arose. They also argued that the concept of the rolling triennium produced unsettling short-term arrangements. In this and subsequent years, School Commission reports argued that the pegging of real funding increases to 1% to 2% would do little more than maintain existing standards in government and non-government schools (SC 1975b, 1.7, p3).

Significant transfers from the public to the private sector were inaugurated in 1977. The new federalism policy was seen to have advantaged the states in such a way that the Commonwealth would be less liable for maintaining the level of support for government schools (see Tables 6.1 & 6.3). New policy initiatives were publicly announced by the Prime Minister or the Education Minister and then passed on to the commission through the guidelines. Foremost among these was the policy of automatic linkage of non-government school grants to per pupil expenditures in government schools (first advocated by the Interim Committee). Other measures included the introduction of a basic per pupil grant set at 20% of running costs in government schools; the provision for a \$3 million increase in the capital program to assist building of new non government schools in newly expanded areas of population; the achievement of cost savings of \$4 million; and the limitation of growth in funding over the ensuing two years to 1% a year (*Report for 1978, Triennium 1978-1980* [SC 1977e], p27).

The government was not swayed by the commission's argument that it should revert to the ideals of the Interim Committee report. From 1978 the proportion of resources allocated to the non-government sector was increased still further, despite warnings from the commission about the reawakening of the state aid debate (*Report for 1979, Triennium 1979-1981* [SC 1978d], pp17-20). The government justified its actions on three grounds, namely that the Interim Committee targets had been attained by government schools, total enrolments were falling, and the states were in an enhanced financial position because of the new tax revenue sharing arrangements. As a result, the states were more able than previously to meet the needs of government schools. The commission seemed to accept that its role was to be more limited and allowed this set of guidelines to pass without protest (SC 1978d, p1).

After 1979 the primary commitment became the reining in of expenditure even though this might evoke political dissent. This was the beginning of what Smart (1982, 29) characterised as the disengagement and decline in Commonwealth commitment to school funding. It is more accurately seen, in view of developments after 1980, as an attempt to impose a greater measure of fiscal rectitude on program departments in order to achieve more effective outcomes. The 5.7% reduction in Commonwealth allocations for School Commission programs in real terms stifled any attempt to address new issues. The commission was told to provide additional assistance for the schools in greatest need, to maintain in 1980 the 1979 real levels of grants to Category 1 & 2 schools, and a reduction in the capital grants program by \$6.1 million. It was clear that, in these circumstances, the increase of \$8.8 million in non-government school programs was to be funded by a cut of \$44 million in government school grants. The justification for this was that state school enrolments were now falling. The commission responded by pointing out that with such a tight resource pattern and the pressures that persistently high levels of youth unemployment were placing on schools as senior secondary retention rates began to increase, there was less scope than ever for solving problems (*Triennium 1979-81: Report for 1980* [SC 1979d]). Those opposed to state aid were unlikely to be persuaded by government justifications for such a degree of austerity which appeared to be impacting more harshly on the government sector.

The May 1980 guidelines were less stringent, providing for a 3.1% increase in real terms. There was a slight improvement in the allocation for government schools. The commission was directed to provide the same real levels of general recurrent funding as in 1980, despite declining enrolments. Non-government schools were to receive a supplement, as in previous years, in order to maintain the percentage link between their recurrent grants and government school costs. Special attention was given to Category 6 non-government schools, whose resource levels were to be lifted by recurrent grants set at 35% of the average government school costs for primary schools and 33% for secondary. Capital grants were to be maintained at the 1980 level in real terms (*Triennium 1979-81 Report for 1981* [SC 1980f], pp25-27).

In conclusion, the Ministerial Guidelines were used to impose restrictive government policies on the Schools Commission, to curb its freedom and to enforce Coalition priorities in school funding. The Schools Commission's status was also reduced by allowing the Australian Education Council of state ministers to set the negotiable parameters under the decentralised federalism practised by the Fraser administration. As a consequence, the major expressions of dissent were focused in the political sphere.

6.3.2 Altering Schools Commission membership, 1975-1983

In the context of rising public sector dissent over the Fraser government's funding policies, the Schools Commission's membership was critical in determining whether it would assert its independence and argue alternative cases to government. To what extent did the Fraser government seek to disarm criticism by controlling the membership of the commission?

The pivotal role in Schools Commission relations with government was the chair. The Whitlam government's appointment of Ken McKinnon as chair presented difficulties which were to emerge fully under the Fraser administration. The ambitious McKinnon sought to impose his own authority and educational leadership. His lack of consultation and his confrontational approach antagonised the state directors-general on whom the commission relied for so much information (Swan 1994). He provoked state administrators with his claim that, unlike the Schools Commission, their departments were not accountable (McKinnon 1982, 142). Although state departments had limited accountability to the Commonwealth for their use of section 96 grants, they had quite stringent reporting requirements imposed by their own parliaments. McKinnon's determination to by-pass the state systems when possible, to grant funding for individual projects and teachers, was unlikely to endear him or the Schools Commission to the Fraser ministry nor to the various state governments who insisted on their own sovereign right to determine expenditure priorities. The innovations program in particular had been used to fund unusual projects such as a sailing ship in Western Australia (Swan 1994).

McKinnon's outspoken criticisms of Commonwealth guidelines and his advocacy of the primary responsibility for government schools presented problems for the Fraser government (see for example *Report: Rolling Triennium 1977-1979* [SC 1976b], 2.26-2.27, p.14). It appears that the government was prepared to bide its time rather than adding fuel to the state aid debate by the early termination of McKinnon's contract. When his term of office expired in 1981, he was replaced by Dr Peter Tannock, an Interim Committee member and foundation Schools Commissioner. As Smart et al (1986, 77) observed, Tannock's notability as a protagonist for the Catholic and private school sector seemed to signal even greater preference for non-government schools. Events were to prove that this was not so, nevertheless outspoken opposition was generated by the Australian Teachers' Federation (see Marginson 1982, 24-26; 1985, 6) and by other government school supporters (Smart 1987a, 145). The sobriquet 'Commissioner for Private Schools' was undeserved and, in the eyes of state government school commissioners, unjust (Swan 1994).

The Fraser government permitted subtle changes in commission membership. Instead of the Whitlam policy of appointing commissioners who were broadly representative but not

nominees of particular interests, the new government conceded to the major interest groups the right to put forward names for appointment to the commission. By giving each sector more of a voice in the Schools Commission's deliberations and recommendations, it would appear that the Coalition was making some concessions to the public sector while seeking to make the commission more responsive and accountable to political forces. These concessions were possible because of the more limited and predominantly administrative functions the commission now served. What emerged was not consultation and negotiation to reach a broad consensus position, but an airing of disagreements in public. The first to do so in 1978 was E G Dunne, a Catholic commissioner. Those with an allegiance to the Australian Teachers' Federation (ATF) consistently advanced minority reports (in 1981 and 1984) at odds with both the government and the majority of Schools Commission members. It also permitted the withdrawal of the ATF nominee after disagreement over commission policies and the refusal to nominate a new representative until April 1983 after the election of the Hawke government (*Australian* 22/4/83). The ATF and its affiliates also were inclined, when it suited their political agenda, to distance themselves from decisions made by the ATF-aligned commissioner. To some extent this was due to internal dissension between the ATF and its New South Wales affiliate (Swan 1994). In his analysis of report generation, McKinnon (1982, 140) fails to account for these differences among the commissioners, but he defended the membership of the commission as a balanced representation, more likely to be moderate than radical (McKinnon 1982, 139).

McKinnon's later defence of his leadership led him to aver that the commission was best left to administer the programs without question from the government because it had first hand knowledge of the interaction of policies and their practical consequences (McKinnon 1982, 141). It indicates an unwillingness to come to terms with the Coalition government's political typology which carefully circumscribed the functions of the Schools Commission and which rejected the Whitlam form of decentralised consensus politics, where at least some of the contentious political decisions were located in the administrative sphere, in favour of concentrating decisions in the political realm. There is a reluctance to concede that previous distributive politics were unsustainable and that flaws existed in the Schools Commission's assumptions about how such programs were to be funded. It may also reveal a lack of appreciation of the need for any government embarking on regulatory and redistributive forms of public funding to exercise much closer political control over all aspects of the policy process in order to minimise dissent. A centralist bureaucratic attitude can be detected in McKinnon's concern that inefficiencies were created by the number of Schools Commission staff needed to process grants to individual non-government schools in comparison to its dealings with school systems (McKinnon 1982, 142). It may well have foreshadowed the later Dawkins drive to consolidate schools into systems (see Chapter 8 below).

With some justification McKinnon could claim (1982, 148) that much of the Schools Commission's usefulness depended on its reputation for educational expertise, judgment and integrity. This had derived from the commission's insistence on improved statistical and other information, its reports and discussion papers. Its chief virtue was undoubtedly in the administrative sphere. His claims concerning its social and economic literacy (McKinnon 1982, 148-9) are harder to sustain. In the context where the Fraser government was taking advice from alternative sources, chiefly because the Schools Commission was seen to be unrealistic in its expectations and unresponsive to the political implications of its recommendations, the commission found itself in a less privileged position in influencing the policy process.

6.3.3 Introducing greater accountability

The question of relative accountability has been raised by the above discussion. It is appropriate to note that accounting procedures at the commission were less developed than state education departments. The general recurrent and capital programs, although specifying goals, lacked clearly visible outcomes when they were mixed with state recurrent funding for public schools of almost five times the magnitude and when they were supplemented by private contributions in non-government schools which amounted to 40% of the recurrent and 70% of the capital expenditure in 1983 (Tannock 1983, 114).

Although governments could seek further information on recommendations for particular non-government schools, the Schools Commission was saved from intrusive inspection by the natural brake on ministerial intervention when this was likely to encourage a flood of time-consuming individual requests (McKinnon 1982, 140). Also experienced ministers, because of their heavy workloads, eschewed taking up individual cases in favour of the broader responsibilities of questioning and redefining policies. It was not until 1986 that the Commonwealth Auditor-General undertook an efficiency audit on Schools Commission's capital grants program (see Auditor-General 1986).

Connell (1993, 282) has observed that

The changes in political power in Canberra ... brought a steadily increasing political directiveness into the work of the [Schools] Commission. By 1985, its programs had lost much of their flexibility. The Commission's initiative was circumscribed, and its functions were contracting.

This evaluation is only partly true. Between 1976 and early 1981 the government was forced to be restrictive. However, between 1981 and 1983 there appears to have been a much more pacific relationship between the Fraser government and the Schools Commission under Tannock's chairmanship. After 1983 the Hawke government was implementing a new agenda. Connell fails to explain that the inflexibility of the programs was at least in part tied to the commission's own

lack of responsiveness to community demands (especially from the state directors-general of education [Swan 1994]) for its greater public accountability. Its inflexibility was also a product of the commission's fixation on identifying perceived gaps in order to gain visibility and recognition for its funding allocations. In time as the gaps narrowed, the commission was left with a more restricted range of funding options outside its general recurrent and capital programs. This is best seen by studying the commission's approach to the innovations program. The commission seemed unaware of the implications for its own accountability of the global forces at work on governments to deliver more efficient services at lower cost (see Lawton 1994, 46-55).

6.4 SCHOOL FUNDING ADMINISTRATION

Faced with the significant change in policy direction, with the restrictive ministerial guidelines, and an impairment of its freedom to act, how did the Schools Commission respond? Was this response more or less likely to foment community debate and dissent?

6.4.1 Schools Commission reports and programs

The commission protested that the guidelines determined in advance all the priorities, pre-empted the commission's advice and threatened the consultation and decision-making process. It contended that the new process was contrary to the commission's legislated responsibilities and forecast that this course of action was potentially divisive and would undermine the commission's work in drawing together the government and non-government sectors (*Report for 1978*, [SC 1977a] p3)

The *Report for the Triennium 1979-1981* (SC 1978a) strove for impartiality in adjudicating between rival claims from both sectors for preferential treatment. In the face of capped allocations, the commission sought a durable administrative solution which would minimise inequalities and sectional bitterness. The commissioners expressed the hope that there would be no need for further funding guidelines (*Report for Triennium 1979-1981* [SC 1978a], pp1-4). Clearly there was unease about government limitations of the commission's functions by directing them into channels which were not of the commissioners' own choosing.

The 1980 report expressed five concerns. Firstly, the commission called for a review of financial arrangements, the Commonwealth's relation to the states, the principles upon which non-government school funding was based, and the balance between general and specific grants. Secondly, the relative decline in special purpose grants was questioned. Thirdly, the commission called for a reconsideration of the funding criterion which permitted new non-government schools to attract limited resources away from upgrading existing schools. Fourthly, it sought a re-examination of the transition from school to work program. Finally, the commission

questioned whether marginally declining enrolments could be directly and immediately reflected in a reduced need for recurrent and capital resources for schools (*Triennium 1979-81 Report for 1981* [SC 1978a] p3). Urban renewal, new growth centres and the backlog in facilities in need of modernisation all vied for very limited capital funding (*Triennium 1979-81 Report for 1981* [SC 1978a] pp1-3). The crux for the commission was that the limitations on funding were forcing it to make the unenviable choice between new non-government schools and the upgrading of existing schools. Its clear obligation was to the latter but it was being pushed towards the former by the government's policy and prescriptive allocations.

Not surprisingly, the commission found that its recommendations were accepted when they accorded with government policy but rejected when they did not (*Report for 1983* [SC1982b], p1). Nevertheless, it determinedly offered independent policy advice during the Fraser years. In particular, it argued that areas of need could never be addressed in a coherent or comprehensive way, because its discretionary powers were insufficient for the task. The result was a series of incomplete compromises and inadequate strategies to ensure freedom from duplication of services and facilities. At the core was the commission's inability to influence the rate of registration of new schools, their number and distribution, and their application for general recurrent funding. As well, insufficient capital funds prevented the commission from addressing the need for refurbishment of outdated plant and equipment of older, mainly government and Catholic, schools (SC 1982b). Essentially its work was to find the least contentious ways of implementing the government's policies. It protested when its advice on funding priorities was ignored and when government directions were clearly causing community divisions, thereby reopening the state aid debate.

6.4.2 Specific recommendations

Among the plethora of issues addressed by the Schools Commission reports, the following have a bearing upon the changing balance between public and private sectors and the re-energised state aid debate:

(a) Equality of opportunity:

With respect to the ability of schools to create greater social equality or to improve the relative position of lower socio-economic groups, the Schools Commission argued that schools will not alone succeed in overcoming genetic and environmental differences but they could make a more serious contribution to equalising the opportunities of children from different backgrounds (*Report: Rolling Triennium 1977-1979* [SC 1976b], 2.18 pp. 7, 11). It therefore advocated (1) positive discrimination in favour of less advantaged children; (2) more generously funded 'second chance' education; and (3) policies which would reduce the learning disparities

by ensuring that all primary children have gained basic learning skills, by providing a common secondary education, and by allowing more varied upper secondary education (*Report: Rolling Triennium 1977-1979* [SC 1976b], 2.5-2.6, p.8). It favoured more innovative forms of schools (see *Small Schools Study* [SC 1980e]) and upheld the principle that it ought to be possible for any group wishing to start a school to be able to do so (*Report for 1982-84 Triennium* [SC 1981b] p35).

(b) Choice in Schooling:

The Schools Commission recognised the public desire for choice. It even went so far as to canvas the issue of vouchers in Chapter 5 of its *Some aspects of school finance in Australia: a discussion paper* (SC 1978c) of October 1978. Its preferred position was that extended choice and variety would exacerbate inequality and would conflict with the social cohesiveness of public schools (*Report: Rolling Triennium 1977-1979* [SC 1976b], 2.26-2.27 p.14). It advocated (1) the expansion of local school autonomy in public systems; (2) the wider participation of teachers, parents and students in decision making; (3) extended choice of learning styles; (4) experimentation with choice within the public systems; and (5) the development of some non-fee charging non-government schools with distinctive philosophies (*Report: Rolling Triennium 1977-1979* [SC 1976b], 2.28 p.14).

Concerns were growing, especially in the public sector, that unlimited parental choice would increase diseconomies through duplication, especially in areas where the school age population was stable or falling. Under utilisation of capital resources also posed a problem for state governments (Swan 1994). In response, the commission proposed partial regulation of the non-government sector and greater deregulation of the government sector to make it more competitive; global, sectoral or regional limits to growth of the non-government sector or sub-sectors; and greater funding for schools with open enrolment policies and social comprehensiveness (*Report for 1982-84 Triennium* [SC 1981b], pp35-8).

Nevertheless public concerns continued to rise being fanned by teachers' union anti-state aid campaigns. It was sufficient to convince the Labor opposition that the situation needed to be addressed as a matter of urgency if they won government in the 1983 federal elections.

(c) Resource standards:

Although equality and choice were the two most emotive issues in the funding debate, resource levels were not far behind. The increase in demand for improved teaching practice and the quality and quantity of teaching resources emerged alongside the rise in retention rates among senior secondary students (34.5% in Year 12 in 1980 and 46.4% in 1985 [ACE News, March 1994, 11]). The commission took the view that standards have no permanent validity but rise in line with community expectations. The continuing significant imbalances in expenditure among

educational levels and between sectors made resource standards a contentious and enduring issue (*Report: Rolling Triennium 1977-1979* [SC 1976b] 3.1-3.5 pp15-16). The commission argued for adaptability in resource allocations as interstate differences in the Schools Recurrent Resource Index (SRRI) widened (SC 1976b, 3.8-3.10 p17). It was estimated that the Commonwealth had contributed 57% of the improvements in primary schools but only 48% in secondary schools (SC 1976b, 3.10-3.14 pp18-20).

Maintenance of effort requirements appeared threatening because they were taken to mean that grants would be withheld from non-complying schools, forcing them to close. The commission argued that its object was to secure cooperation in maintaining effort, however, it recognised that it lacked coercive power to enforce its objectives (SC 1976b, 6.20, p.56).

The basis of recurrent funding for non-government schools was changed from an arbitrary subsidy level to a percentage of the average standard costs of educating a student in a government school (SC 1976b, 6.6 p.50). By 1982 the commission had come to accept that resource standards in some schools would always lag behind the average because school administrators and parents placed a higher priority on other expenditures. The Interim Committee's eight categories were reduced to six only to find a concentration of schools in Categories 3 and 6. The system was revised in 1982 to three categories with the lowest resourced schools in Category 3 receiving 40% of government school recurrent costs from the Commonwealth, another 20% from the state and the balance from private sources and contributed services. Commonwealth funding for Category 2 schools was set at 30% and Category 1 schools at 20% (*Triennium 1982-84 Report for 1983* [SC 1982b] pp5-7). New non-government schools were able to elect in which of the categories they wished to commence by the fee levels they set. This meant that a school in receipt of the maximum Commonwealth grant could make do with as little as 10% from private sources, if parents were happy with a resource level 30% below that in government schools. Such low fee and resource levels were a feature of some Catholic systemic schools in 1980-81, but continuing support for them was a source of contention in the public sector.

(d) Low-resourced non-government schools:

The heavy concentration of students in the lowest category schools was always a problem for the commission when total funding allocations were so restricted. Little could be done by the Schools Commission to increase subsidies to primary schools or to compensate poorly resourced Catholic secondary schools for the withdrawal of religious teachers. A further inequality was that primary schools received less from percentage subsidies than did secondary schools (*Report: Rolling Triennium 1977-1979* [SC 1976b], 6.9-6.10 p52).

The commission found it difficult to report on the rates of improvement across the non-government sector because of the great differences of resource levels within it. Distinct improvements had been achieved by 1976 in student-teacher ratios in the Catholic sector, yet a marked resource gap still existed between government and most non-government schools as the low resource non-government schools fell further behind owing to a decline in religious staff and inflationary pressures. This gap widened in 1977. Tacit recognition was given to the combined negative effects of the commission's funding policies and the increase in the states' educational expenditures in fuelling inflation and creating a cost-price squeeze on poorer schools (*Report: Rolling Triennium 1977-1979* [SC 1976b]).

The Commonwealth's capacity to respond was limited. To reduce funding to government schools to counter inflation was to court orchestrated opposition from the state school lobby. To further increase funding to improve non-government school resource levels in a tight fiscal situation amounted to the same thing. Resource disparities could not be remedied in the short term. The most that could be hoped for was a maintenance of standards in non-government schools and even this could not be guaranteed because of the unreliability in many cases of private inputs. It was estimated that another \$100 million a year was needed to achieve target standards. At this subsidy level many private schools would be almost fully supported by public funds (*Report: Rolling Triennium 1977-1979* [SC 1976b]).

(e) Supported schools:

The 1976 report raised the question at what level of public funding the obligation to provide schools wherever there is need, to make equal provision for all children, to be obliged to accept all children, and to be publicly accountable should apply to non-government as well as government schools. The commission also canvassed whether high fee schools should be able to move progressively to more favourable subsidy levels to become available to a wider range of parents (*Report: Rolling Triennium 1977-1979* [SC 1976b], 3.16-3.22, pp21-24).

The concept of supported schools died because all non-government school providers were wary of the levels of accountability and government interference that would accompany such a level of funding and because the Schools Commission lacked the additional funds needed to push schools with precarious finances in this direction.

Those opposed to state aid (especially the ATF) argued that low resource levels were a problem for the non-government systems, not for government whose sole concern ought to be with government schools. They argued that increasing Commonwealth transfers to the private sector meant that improvements to under-resourced government schools were being restricted (Australian Teachers Federation 1980 & 1982).

(f) Limitations to capital funding:

The Schools Commission recognised that capital requirements for new and replacement buildings and refurbishment of old ones were 'beyond contemplation within a single triennium' (*Report: Rolling Triennium 1977-1979* [SC 1976b], 3.23 p24). The adverse effects of inflation on the capital program meant that improvements by 1976 had been less than anticipated and very little progress had been made in overcoming the backlog. The commission had calculated that there was a \$50 million shortfall each year (SC 1976b, 3.24-3.27 pp24-26). The absence of flexibility, the unequal funding efforts among states and the needs in the non-government sector for recurrent funding saw continued transfers from capital to recurrent programs over the years (SC 1976b, 4.5-4.12 pp28-30).

The situation was exacerbated by the number of new schools which commenced operations in the expectation of later funding. This created problems for existing schools which had planned their future without knowing that such new schools were to commence. State education authorities brought strong pressure to bear on the federal government, through the AEC and via their Schools Commission representatives, to address the issue. Non-government schools also called on government for the control of new school commencements (Swan 1994).

(g) Schools Commission funding policies for new non-government schools

Despite the growing tide of community concern over the unregulated growth of the non-government sector, the commission was sympathetic to those attempting to start new schools without the support of a large organisation. Yet it wanted to avoid assisting schools which would be in obvious difficulties from their inception. New schools for the first three years of their operation were allocated a more favourable subsidy level than applied to established schools of a similar resource level. The commission's criteria were that new non-systemic schools should have sufficient resources to operate at acceptable standards; new systemic schools should not be established at the cost of reduced recurrent support for existing schools in the system; and the availability of recurrent and capital resources to new schools should be such as to promote balanced development (*Report: Rolling Triennium 1977-1979* [SC 1976b], 6.21 p56).

Limited funds were available for capital assistance but very little went to new schools. In 1976 one third of all capital funds went to meet shortfalls and overruns in programs stretching back to 1973 (SC 1976b, Table 6.5 p.59). In 1977 capital grants were for student accommodation in boarding schools, disadvantaged schools and library buildings and resources (SC 1976b, 6.29 pp.59-60). The restricted nature of both general recurrent and capital funding

meant that in 1978 there was no provision made for new places or new schools (*Triennium 1979-81 Report for 1981* [SC 1980f], p13).

Clear indications emerge of how the Schools Commission viewed its task for when conflict arose between the principles of the right of parental choice and the production of more equal outcomes from the educational process, the latter was obviously preferred (*Report: Rolling Triennium 1977-79* [SC 1976b], 2.5-2.6, p8). This was not in accord with government policy and it provided an invitation for protest from sections of the non-government school sector.

The commission's 1976 loans guarantee scheme was beneficial to non-government schools by allowing more favourable terms of borrowing by providing support for schools without institutional ties, and by fostering increased building activity (*Report: Rolling Triennium 1977-1979* [SC 1976b], 6.33 p61). The commission argued that maximum decision-making about expenditure of funds should reside at the school level. It also advocated joint government and non-government planning (SC 1976b, 10.11 p94). The problem of cost overruns on previously approved projects was recognised as an inhibition to securing rapid improvement and a number of remedies were suggested (SC 1976b, p60).

The March 1981 *Report for the Triennium 1982-84* (SC 1981b) recognised that schools belonging to systems had been advantaged over those which did not. It highlighted the problem of unrealistic community expectations of high levels of recurrent funding as well as capital assistance which had led to an unsustainable rate of expansion at a time when government school enrolments had been falling. In the face of public sector unrest over the changing sectoral balance in favour of non-government schools, the commission pointed to five issues in need of reconsideration: sectoral differences in the use of resources; the needs concept as the basis for differential funding; the financial implications of allowing unrestricted parental choice; the relative equity for different groups; and whether capacity to pay ought to be a factor in determining grants (SC 1981b, pp323-4).

The 1981 report accepted the condensed three category system and advocated the adoption of the concept of 'community standards' and the 'basket of services approach' (see Appendix 6) for establishing entitlements, while discarding the presumption of maintenance of effort. The effect would be to allow schools to move into positions of greater openness and accessibility by charging low fees and so qualify for a higher funding category. To overcome the inequities between systemic and non-systemic schools, it discarded the averaging approach of the past and introduced an aggregating approach. Equity would be served by all schools attracting funding according to needs. This would allow new schools to commence at whatever level of resources was consistent with the fee structure it chose. Per capita establishment grants would be

paid for the first four years at 10% in the first, then 7.5%, then 5% and finally 2.5%. Systemic schools would have the additional assistance from pooled resources (*Report for the Triennium 1982-84* [SC 1981b], pp325-338).

In catering for new enrolments there was a considerably higher funding rate for projects involving existing schools expanding their enrolments. This may suggest a predilection on the Schools Commission's part for dealing with established schools (see SC 1981b, p348 for the reasons for this), or that existing schools were more adept at mounting successful proposals. The commission itself commented, both in the *Small Schools Study* (SC 1980e) and in *Report for the Triennium 1982-84* (SC 1981b) that it was easier for new schools attached to a system or recognised body to obtain funding from financial institutions in order to commence operations. Even so despite these difficulties, the formation of new schools went on, usually in the hope of Commonwealth capital funding at some future date. Between 1978 and 1980 an average of 54% of applicants were unsuccessful (SC 1981b, p343).

To overcome the problem of uncoordinated development of new schools, the commission instituted a thorough survey by its Planning and Finance Committees in each state and territory to ascertain the approximate number of new schools planned for the 1982-84 triennium. The information collected from existing known providers suggested that 58 new Catholic schools, 28 new non-Catholic schools were planned for the triennium (SC 1981b, pp349-350). This provided a factual basis for sustained lobbying by teachers' unions to the ALP conferences and policy makers for tighter regulation of new entrants.

6.5 SCHOOLS COMMISSION OPPOSITION: The Minority Reports

Although the commission was alive to the problems caused by the change in sectoral balance, it did little between 1975 and 1983 to constrain freedom of choice other than by showing a preference for established schools and systems. This is not to say that the commission itself was united in its approach to this issue.

The first breakdown in unanimity on the commission became apparent in 1978 when E G Dunne, a part-time commissioner representative of Catholic school interests, voiced his dissatisfaction in his minority report. In his view the majority report did nothing to improve the position of non-government school pupils. He pointed to the underlying structural inequalities in the funding by Commonwealth and State governments of both government and non-government students. He saw this as having a root cause, the inherent and unresolved conflict between the primary obligation of the commission to government schools and the right of parental choice. Because non-government schools had not kept up with government schools'

resource use and because many parents had the right of choice denied them, particularly if they were low income earners, he saw the commission's advocacy of breaking the nexus between government school costs and Commonwealth funding of non-government schools as a retrograde step designed to freeze non-government school funding to a percentage of the 1978 government school costs. This, he thought, would only widen the gap between sectors. Furthermore, he argued that the attempt in 1978 of the commission to make the maintenance of effort a fixed requirement was particularly discriminatory against Catholic schools. He reasoned that while fees had risen in line with price indices, the loss of contributed services of the teaching orders and the parity of salaries of lay staff with those of government schools had placed intolerable burdens on Catholic school parents. Dunne also drew attention to the unofficial view which was strongly held by some members of the commission that the total of government funding of non-government schools must not be allowed to exceed 60% to 65% of government school costs (Minority Report: E G Dunne to *Report for the Triennium 1979-1981* [SC 1978a], pp151-154).

In subsequent reports it was government school commissioners who felt bound to protest at the direction Commonwealth funding was taking (August 1981 *Minority Statement on Report for 1982* [SC 1981c] by Joan Brown and Alan Marriage; and Joan Brown and Van Davey in the April 1984 *Funding policies for Australian schools* (SC 1984d) after the election of the Hawke government). The Brown-Marriage statement was based on the legislated right of commissioners to evaluate the effects of the directives given to them by government. They contended that the increasingly detailed and specific guidelines had overridden the commission's proposals and reduced its independence. The selective acceptance or rejection of recommendations by government were seen to be against the long term interests of education in Australia. The removal of discretionary powers from the commission suggested that the Commission was viewed as a department of Government rather than as an independent statutory body. Community divisions were growing because of the commission's two conflicting objectives in the context of minimal or zero growth: the primary obligation to government schools and the prior right of parents to choose (*Minority Statement on Report for 1982* [SC 1981c], pp1-2).

The dissenting commissioners argued against further reductions and for an increase in Commonwealth commitment to recurrent funding and the urgent need for increased capital funding for government schools. It argued against the open-ended escalation of recurrent funds to non-government schools and for the adoption of the 'basket of services' approach to equitable funding. The authors felt compelled to alert the government to the divisive effects of the guidelines and the resurgence of the state aid debate as a consequence of government policy (*Minority Statement on Report for 1982* [SC 1981c], pp2-4).

This statement was taken up by the Labor opposition who claimed in the words of its education spokesperson John Dawkins, that 'the Government had imperilled the operation of the schools commission by its "unreasonable and restrictive" education funding guidelines' (*Hobart Mercury*, 28 August 1981).

In general, after 1981 under Tannock's chairmanship, the commission appeared more willing to accept its redefined role within the framework of imposed ministerial guidelines without demur (as the August 1982 *Triennium 1982-84 Report for 1983* shows). This may have been because some commissioners had already sensed the electoral weakness of the Fraser government and were awaiting the significant reforms the Australian Labor Party promised if elected (*The National Times*, November 7 to 13 1982, 3).

The Schools Commission's responses revealed an attempt to inject other viewpoints into the political process. Its approach to its task of administering government policy showed a serious concern to further the Interim Committee objectives and to be responsive to the administrative difficulties entailed in the funding programs, particularly in view of its inability to influence state government school funding allocations. It found itself no longer at the centre in policy advice and was restricted in the extent to which it could act to depoliticise the state aid issue. This was particularly true when, because of the increased state expenditure on government schools, non-government school resource levels continued to lag behind. The commission's attempt, noted by Dunne, to hold non-government funding at 60% to 65% of the total of Commonwealth funding meant that the commission was constrained in its attempt to lift resource levels. Even if the ministerial guidelines permitted it to allocate even more funds to non-government schools, this had the potential for stirring up dissent in a wider section of the community, a political outcome no government would welcome. The Schools Commission found it lacked the freedom to achieve the improvements it had been created to effect. The decisions regarding funding allocations and their impact were political decisions now in the hands of the government and not the Schools Commission.

6.6 POLICY OUTCOMES

The policies of the Fraser government had both a direct and an indirect effect on the relative size of school sectors. There were five aspects that had a direct effect. Firstly, by giving greater scope to parental choice in education through the substitution of public funding for private effort (public funding rose from 40.7% of recurrent expenditure per student in Catholic secondary schools in 1974 to 70.5% in 1981 and from 20.7% to 44.4% in non-Catholic secondary schools [SC 1984d, 132-3 cited by Marginson 1993, 210]), the non-government sector was allowed to grow from 21.3% of total school enrolments in 1975 to 23.8% in 1982 (*Australian*

School Statistics [SC 1984j], 6, 9 & 32). Secondly, by allowing the Schools Commission to promote innovative forms of schooling [SC 1981b, 35]), government policies directly encouraged an increase in the number of providers of the non-government education. Thirdly, the policy of increasing the basic level of Commonwealth funding for all non-government schools to 20% of government schools' recurrent costs helped provide the financial undergirding for all non-government schools irrespective of individual needs. Fourthly, the decision to reduce the number of grant categories to three led to more non-government schools receiving the maximum grants in 1983 than in 1975. Finally, even the minimum grant received by Category 1 schools rose by 144.9% for primary and by 160.2% for secondary schools during the Fraser years (Marginson 1993, 209). These five policy directions meant that between 1975-76 and 1982-83 Commonwealth recurrent grants to non-government schools rose by 87% in real terms while Commonwealth grants to government schools fell by 24% in the context of a 16% increase in budget outlays and an increase of 8% in tax revenue (Marginson 1993, 211).

The 'New Federalism' policy, with the return of a greater share of Commonwealth revenues to the states permitting the states to be more responsive to state level interests, indirectly benefited non-government schools. The states' greater discretion in allocating revenues saw increasing amounts go to the school sector between 1975 and 1979 in response to the Commonwealth assumption of tertiary sector funding. A compelling motivation for the states' action was the oversupply of graduates from the education faculties of the Colleges of Advanced Education and the Universities many of whom were guaranteed employment under bursary arrangements. Fulfilling this obligation necessitated greater recurrent expenditure by state governments on government schools, enabling them to reach the Interim Committee targets at a faster rate than anticipated (see Harrold 1987, Chap.1).

Under the funding formula's automatic linkage to government school costs, non-government schools were eligible for a greater amount in real terms than was originally intended by the Schools Commission. However, this was limited by the small increases (of only 1% to 2% per annum) in funding allowed the Commission under the guidelines. The main impact was on the capital program where school systems or independent non-government schools found that there was never enough Commonwealth capital funding to allow upgrading or expansion of the physical plant of schools. This impacted heavily on the least viable non-systemic schools, where a certain amount of rationalisation and consolidation took place (as Tables 6.1 & 6.2 reveal).

6.6.1 The Growth of the Non-Government Sector

Table 6.1 shows that by 1982 the long slide which had occurred between 1965 to 1975 in non-government school enrolments as a proportion of total enrolments had been arrested and turned around.

Table 6.1
Growth in Non-government Schools, Australia 1975-1982

Year	Numbers of Primary & Secondary Students in Non-govt. schools	% of total school population	Number of Non-govt. schools	% of total Australian schools	Average Non-govt. school size	% of average Govt. school size
1975	619,800	21.3	2140	22.75	290	92
1980	666,500	22.3	2235	23.09	298	96
1982	711,700	23.8	2312	24.27	308	97

Source: Commonwealth Schools Commission (1984), *Australian School Statistics*. Canberra: Schools Commission, Tables 1.4, p.6; 1.6, p.9; 3.2, p.32.

The 14% increase in enrolments under the Fraser government had restored the 1965 sectoral balance. This was at a time when student numbers had peaked in the government sector and were showing a decline in the primary years. Within the non-government sector, the growth was far from even across all types of schools. Table 6.2 shows the changes in enrolments by school type between 1975 and 1983, while Figure 6.1 shows the information graphically for the period 1963 to 1981. From this comparison it can be seen that growth in student enrolments in the non-government sector outstripped growth in the number of schools. Non-government schools had become larger. This is most noticeable in the case of Anglican, and to a lesser degree in Catholic, schools.

The most remarkable increase in the number of schools occurred in the 'Other Denominational' category where there was a 118% increase in the number of schools to cater for a mere 18% increase in enrolments. Clearly many of these new schools were very small. A closer analysis of the breakdown in this category in 1983 reveals the following distribution of these schools: Christian schools (Parent Controlled, Community and Accelerated) 122; Seventh Day Adventist 79 (66 systemic in all states except Queensland and the Northern Territory); Lutheran 55 (19 systemic in South Australia); Jewish 10; Baptist and Greek Orthodox 2 each; and Christian

Scientist 1. Non-denominational schools, usually of the progressive type, and special schools, to cater for students with particular disabilities, also showed a significant growth during the period (Commonwealth of Australia 1983), although their enrolments represented less than 6% of the total non-government school enrolments.

Table 6.2
Types of Non-government Schools in Australia 1975 & 1983

Denomination	1975		1983		% Increase in Enrolments 1975 to 1983
	Schools	Enrolments	Schools	Enrolments	
Anglican	101	50,763	93	61,046	20%
Roman Catholic	1711	496,199	1626	546,144	10%
Presbyterian *	28	18,667	8	6,184	16%
Methodist/ Uniting *	19	12,696	36	30,371	
Other Denominational	119	20,821	260	24,529	18%
Non-Denominational & Special Schools	162	22,155	325	40,559	83%
Total	2140	621,301	2348	708,803	14%

Sources: ABS, *Yearbook Australia 1977/78 & 1983* and Schools Commission (1984) *Australian School Statistics*. Canberra: Canberra Publishing Company Tables 1.7 & 3.1, pp.10 & 32.

Note: The presentation format changed during the period under review, making detailed comparisons more difficult.

* The ownership of some Presbyterian schools passed to the Uniting Church as a result of the union, while other remained under the control of the continuing Presbyterian Church. Some schools were combined at this time to avoid duplication and to increase their viability.

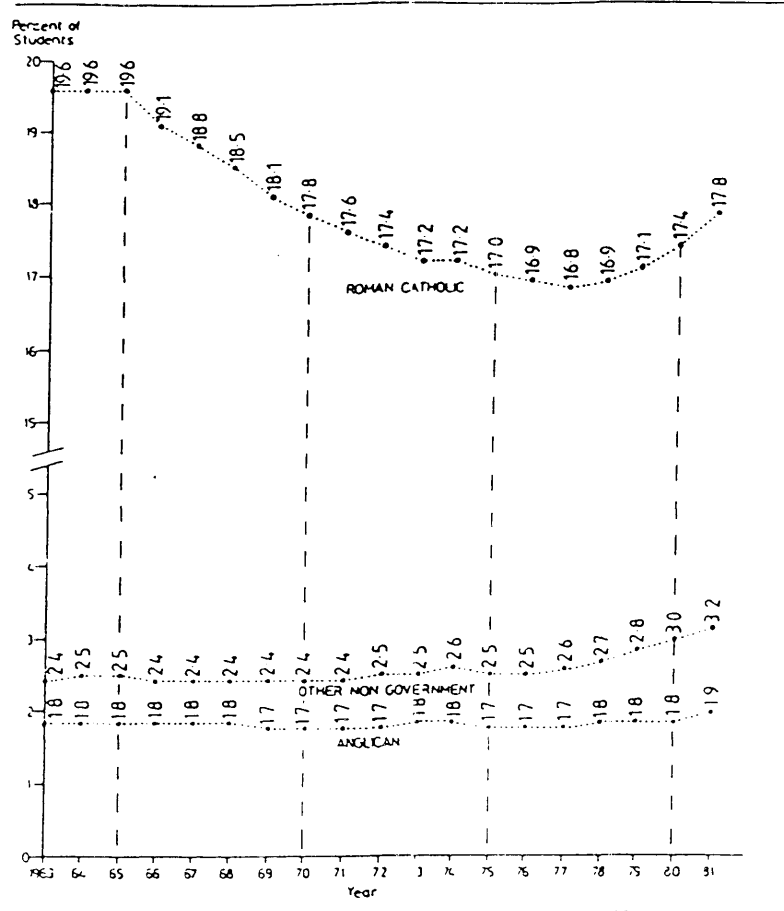


Figure 6.1
 Non-government School Enrolments as a Percentage
 of Total School Enrolments 1963-1981

Note: Other Non-government category includes Presbyterian, Methodist/Uniting, Lutheran, Seventh Day Adventist, Parent Controlled Christian, Community Christian, Accelerated Christian, non-denominational and special schools.

Source: Australian Education Council (1982), *Enrolments in Australian Schools*. Canberra: AGPS 34

The changes in funding levels which produced these changes in school numbers and enrolment patterns are revealed in Table 6.3. While per pupil Commonwealth general recurrent expenditure in government schools was held constant, the per pupil recurrent expenditure in non-government schools was increased by 100% between 1976 and 1983 (expressed in constant 1982 prices). Clearly there was an encouragement in the generous funding levels for more parents to consider the value (whether social, spiritual or educational [see Anderson 1988]) of

non-government school enrolment for their children. In simple terms, it made non-government school education more affordable to a greater number of Australian parents by lowering the cost.

Table 6.3
Schools Commission Program Grants 1976 And 1983
((\$'000, estimated December quarter 1982 prices))

	1976	1983
Government Schools		
General Recurrent	309,692	303,722
Special Programs	75,625	96,294
Capital	223,662	143,517
Total Government Schools	608,979	543,533
Non-government Schools		
General recurrent	267,136	533,449
Special Programs	21,932	28,853
Capital	46,608	51,402
Total Non-government schools	335,676	613,704
Total Joint Programs	40,327	43,513
Total All Programs	984,982	1,200,750

Source: Schools Commission (1984j), *Australian School Statistics*. Canberra: Canberra Publishing Co. Table 4.2 p.38.

Commonwealth capital funding was less generous. The government school sector suffered a fall of 36% in capital funding between 1976 and 1983, while the increase in funding for the non-government sector was 10%, an amount that fell short of the 14% increase in enrolments in the sector over the same period. Clearly, there was insufficient funding available to make substantial improvements in the facilities and material resources of either government or non-government schools. This became a matter of contention, particularly for public school lobby groups.

Aggregation such as these mask a number of contrary trends within the sector. A layer of poor schools, particularly Catholic but also others serving rural areas, remained with resource levels considerably below the Interim Committee targets. Their needs were used by advocates for the non-government sector to press for further funding. The resources of a number of the other well-established schools were reported so as to fall outside the 'needs' assessment developed by the Schools Commission with the result that these schools received favourable classification and relatively high rates of recurrent funding. In some cases the additional revenue

was used to fund expansion in size rather than improvement in resource levels. The Catholic systems financed expansion into new areas by the rationalisation of existing schools and by the reappropriation of systemic recurrent funding for the setting up of new places.

What was apparent to government school supporters was that, in a time of government school contraction (particularly in the primary sector), Commonwealth funding policies were allowing unregulated and unplanned expansion of the non-government sector. However, there was no uniform response in the non-government sector to the Fraser government policies. Some providers decided to expand the number of schools and places while others considered consolidation to be the best tactic. (Appendix 7 contains a more detailed analysis of the various responses.) The problem for the government school lobby was that it was less easy to categorise non-systemic schools as 'wealthy' private schools than it was before 1975. The Australian Teachers Federation took the simple solution of opposing all aid to non-government schools. State parent organisations tended to take a more sympathetic view of the dual system (which accounts for the later tensions revealed in the separate minority reports of Joan Brown and Van Davey in Schools Commission's *Funding Policies for Australian Schools* [SC 1984d]).

6.6.2 Expansionary tendencies in the non-government sector

The Fraser government policies were seen as a window of opportunity by a number of community groups. Increased affordability of Catholic systemic schools, because of the low fee structure and high Commonwealth subsidies, made them more attractive to a wider range of parents than in the past (see Appendix 7, 1.1 Systemic Schools; Barcan 1988, 297). The improved resource levels and increased affordability of these schools, together with the steady growth of the Catholic section of the population (see Appendix 8), served to increase the enrolment demand. Catholic systems administrators responded by expanding the number of places in a consolidated network and by establishing new schools in growth areas.

This expansion was at a cost. Resource levels in these schools lagged behind those of state schools. The outcome of allowing greater freedom of choice to parents was that Schools Commission actions to lift resources to a comparable level with government schools were thwarted. The earlier natural public sympathy with the under-resourced Catholic systemic schools diminished somewhat as it became apparent that Commonwealth funding was attracting students away from government schools (see Figure 6.1 and Table 6.2 for the extent of this trend).

Among the new providers were a number of Christian groups offering distinctive types of educational programs. Their common motive was to assist Christian parents to protect their children from the moral pollution of the world and the prevailing secular humanist intellectual climate, by educating them in schools where Christian truth permeates the whole curriculum

(Marsden 1991, 9-61; Weeks 1988). This frame of reference spurred three different groups (the Parent Controlled Christian Schools, the Accelerated Christian Education Schools and the Christian Community Schools) to establish schools between 1975 and 1983 (see Appendix 7, The New Providers 2.1-2.3).

Although they catered for a relatively small number of students in each case, their impact was greater than their relative size. Their low fee structure and the extent of the contributed services by parents and church communities, meant that they drew students away from the traditional high fee non-Catholic schools of the non-government sector as well as from government schools. This threatened the viability of the more marginal schools and was translated into pressure upon government by non-government school associations (the Association for Independent Schools in each state, the Headmasters' Conferences and the Australian Parents' Council) for a limitation on the expansion of this type of school (see for example, NCIS 1984). A second, almost universal criticism of these new schools was that they were being established without any regard to the planning consultations being undertaken by the major providers. The result was a wasteful duplication and oversupply of student places, particularly in public primary schools. In the context of limited Commonwealth funding, there was a considerable degree of animosity towards these schools both from established non-government providers and from government school supporters (Swan 1994).

A moderate expansion of Seventh Day Adventist schools took place. Because their intake was restricted to their own church membership and because these schools were small, they were either seen as being similar to other Christian schools or were overlooked. The other main new providers were specialist schools catering either for a particular group's educational philosophy (such as the progressive, Montessori and Rudolph Steiner schools) or for students with specific disabilities. Both were seen to be in accord with Schools Commission objectives to foster innovation and variety and were not as much a focus for controversy as the Christian schools.

Of the latter, the Accelerated Christian Education schools were singled out for the most strident opposition, particularly from the state teachers' unions, because their foundational Skinnerian operant conditioning psychology was antithetical to the progressivism of most teachers.

6.6.3 Consolidatory Tendencies in the Non-government Sector

For the reasons given in Appendix 7, 1.2, Catholic non-systemic schools were at a competitive disadvantage compared with their systemic counterparts when it came to expanding their size or their numbers. Since most belonged to the declining religious orders rather than the

dioceses, their resource base was usually more restricted and less flexible. Staffing was a problem also. Also unlike the systemic schools, many suffered from the additional disadvantage of being placed in a higher category and receiving a lower level of recurrent funding. Furthermore, the religious orders were being forced to consolidate rather than expand their work.

The Fraser government funding policies caught a number of other non-government school providers in an ambivalent position. Suspicion continued as a result of the assault of the Whitlam government on the so-called 'wealthy schools' in the highest funding category. Many of these schools, although rich in assets accumulated over many decades, faced an uncertain future as their traditional clientele was eroded by inflation, drought and low commodity prices as well as by new low fee competitors. Boarding schools in all categories were particularly vulnerable in the cost-price squeeze of the inflation-ridden 1970s. Another factor was the granting by state Industrial Commissions of equality of pay to female teachers, something which impacted heavily on single sex girls' schools. A number of schools had already closed (for example SCEGGS, Moss Vale in 1974 and PLC Goulburn) and others were approaching the critical enrolment level where their viability was threatened (for example Tamworth Church of England Girls' School in 1976). Others had sought amalgamation (for example Kinross (PLC), Orange with Wolaroi College in 1975; The Illawarra Grammar School with SCEGGS Wollongong in 1976). Still others sought financial solvency and continued viability by becoming co-educational (for example SCEGGS Redlands in 1978 enrolled boys and Barker College accepted girls into Years 11 & 12 in 1975).

The lack of significant endowments and the high cost of borrowed funds meant that many of these schools were still labouring under dilapidated plant, despite the limited availability of Commonwealth capital grants. Others had suffered until the early 1970s from under-qualified bursars whose budgeting was primitive (Presidential Address to Fourth National Conference of the NCIS 1983, 4). In fact, some had steadily accumulated losses which prevented any effective resolution of other problems. All school governors were suspicious of the radical Left's intention to bring about the demise of the 'privileged' schools and were concerned with the Australian Teachers Federation's return to a policy of no state aid at its January 1982 conference (Marginson 1993, 211). These factors led to very cautious decisionmaking which included readying their schools for the possible withdrawal of Commonwealth funding. They considered the safest path to lie in increased school size within the limits of existing facilities to absorb surplus demand for places and to gain the benefit from the relatively low marginal costs of the extra enrolments. This was reflected in the small change in teacher-pupil ratios in the non-Catholic non-government sector. The schools themselves were often the direct target of negative publicity by the Australian Teachers Federation. This only served to increase their caution and their attempts at consolidation.

An expansionary path presented certain problems. Filling more places in high fee schools often meant attracting students from other, often weaker, denominational schools. Since many of these stronger schools were located in the older, more central parts of the cities, their expansion was in areas already oversupplied with places and where government schools were generally most in need of refurbishment. The lack of coordinated planning drew forth criticisms from interest groups in both the government and non-government sectors (Swan 1994).

Attitudes towards government school education varied from state to state. In New South Wales there was a greater degree of parental satisfaction with the more conservative offering of the state school system with its public examinations and centrally devised curriculum. As a consequence, pressure for parents to choose non-government school education for their children was considerably less than was the case in Victoria which had fostered a much greater degree of devolution of curriculum and responsibility to the local school. The abolition of Victorian public examinations created further unease with 'standards' in state schools which was intensified by contemporary research findings that non-government schools were more successful in gaining university places for their students. Social pressures to show that parents 'cared' for their children by purchasing a private education were therefore more intense in Victoria than in New South Wales. Other states were positioned between these two poles. The outcome, not surprisingly, was that there was a greater incentive in Victoria for expansion of the non-Catholic non-government sector than there was in New South Wales.

Traditional providers among the Protestant denominations were concerned with the equity problems posed by the needs of new and developing areas on the fringes of the larger cities, but were not always able to mobilise the necessary resources and constituent support for founding new schools. The reasons for this state of affairs must be sought within the particular Christian denomination (see Appendix 7, The Independent School Sector 3.1-3.3).

In response to the demand from traditional providers for stricter regulation of new school registration and for consultative planning to avoid wasteful duplication of existing resources, state and federal education ministers commissioned the 1983 Australian Education Council report *Registration of Non-Government Schools*. In spite of this, public dissent from a number of quarters became more strident and more critical, revealing the extent of the breakdown of the Whitlam consensus. To this we now turn.

6.7 PUBLIC DISSENT

In the context of tighter public budgeting, growing public disenchantment came to be expressed about the way in which the Schools Commission was being limited in its operations by

the prescriptive government guidelines. Partly this was a reaction by government to community demands for more responsible management of fiscal matters than its predecessor had achieved. The government itself had also made election promises concerning educational spending. When these promises were translated into guidelines for the commission, a significant minority opposed what they saw as the repoliticisation of the funding process. Another contributing factor to the strength of this opposition derived from the frustration of stakeholders in public education with the changed community priorities away from education and in favour of health and social welfare. These were due to the changing demographics of the Australian population - a lower birth rate and a greater longevity - and to rising unemployment (Harrold 1988, 25-27).

These trends had been reinforced by debates among economists over the welfare benefits of additional expenditure on education. The normative issue was one of whether more should be spent on education while the empirical issue, of whether community goals will be achieved effectively or efficiently by the expenditure of extra funds, remained unresolved. A view that had gained prominence was that the benefits from education were largely personal rather than communal and that such consumption benefits are, by their nature, non-transferable (Harrold 1988, 27-28, 31). In contrast, the proponents of public education supported the Schools Commission social justice (some would say 'social engineering') argument that education can be used to compensate for the lack of background of 'disadvantaged' groups and so contribute to social and economic equality (*Report for the Triennium 1982-84* [SC 1981b], 13-14). The most effective and efficient means for achieving this was through government school funding programs.

A further dimension to the problem was that, after nearly a decade of expansion, during which class sizes had been reduced by increasing the number of teachers, government sector teachers were faced with the prospect of falling enrolments and limitations on the scope for further improvement to working conditions. At issue was the threat to job security at a time when many trained teachers were not able to gain permanency of employment due to oversupply. Teacher unions were therefore very sensitive to funding changes.

6.7.1 Government sector reactions

In an address to the Australian Teachers' Federation (ATF) conference in January 1982, Alan Marriage claimed the commissioners' minority report was justified because the Schools Commission 'had been done in the eye by the government' and because the commission was not fighting back. He believed that breaking ranks had brought pressure on the other Schools Commission members to consider the issues. In response the ATF accepted a motion that it supported the right of its representatives to submit minority reports. Another motion that it

should withdraw from the Schools Commission was passed, although the ATF had no direct representation on the commission (Harrold 1987).

Responding to the publication of the minority report, Labor's federal education spokesman John Dawkins supported the commissioners by asserting that the Fraser government had imperilled the operation of the commission through its 'unreasonable and restrictive' funding guidelines. He advocated that the government should take to heart the criticisms of the minority report. The Minister for Education, Wal Fife, responded with the assurance that government would continue to consider the commission's analyses and recommendations but was under no obligation to accept them (reported in the *Hobart Mercury*, 28 August 1981, 2).

Joan Brown also publicly defended her actions in the *Journal of the Federated P & C Associations of New South Wales*. She considered that the government had provoked public school interests by increasing the funding to non-government schools to a point where it exceeded the funding of government schools for the first time. She also considered the earmarking of \$45.7 million from the government schools recurrent and capital programs for the School to Work Transition program and the rejection of the basket of services concept for more equitable funding were indicative of the government's primary desire to serve private school interests at the expense of public schools. She wrote 'Consensus ... is a delicate thing, achieved by compromises by each member [of the commission] on some issues at some time' and went on to say 'Since 1975, the Commission has been forced by conflicting pressures to operate on a series of compromises, each of which has diminished the clarity and consistency of the principles on which it was established' (*NSW Parent & Citizen* October 1981, 12). Mrs Brown drew attention to the keen awareness of these compromises among government school parents and the social and educational effects they were having. Nevertheless, the state school parents had been willing to support the commission because, firstly, the commission seemed to offer the only avenue for resolution of the perennial state aid issue on the basis of social equality and the interests of all children in Australian schools and, secondly, because the policies and programs of the commission had been a decisive factor in changing the rigid patterns of schooling by improving its quality and reducing educational and social disadvantage (*NSW Parent & Citizen* October 1981, 12).

The concerns of the government school sector were brought to the fore in the publication of the Australian Teachers' Federation policy document in January 1980. This document contained the resolutions on educational funding passed by conferences since 1972. The 1976 conference had rejected the notion of unlimited parental choice by means of the voucher system as detrimental to the comprehensive system of public education and likely to exaggerate the inequities between schools in Australia. It would be harmful to effective planning and only gave

freedom of choice to some who had the means to exercise that choice. The same conference supported the Schools Commission's needs philosophy and the use of triennial planning to achieve it. It ratified the central place of government schools and their priority for educational funding. It called on the federal government to maintain the 'tremendous achievements' of the previous three years. In 1977, the conference condemned the decision to cut educational expenditure and it called on the national government to provide growth factors for 1978 which would enable progress towards minimum acceptable standards. It also demanded that the government withdraw its prescriptive guidelines and reinstate the fixed triennium. It asserted that the arbitrary transfer of funding from the government to the private school system, in contradiction to the needs criterion, was totally unacceptable (ATF 1980, 24-25).

From the 1977 conference came strong support for the mounting of a public campaign to counteract what it termed the 'anti-education lobby' comprised of sections of the media and employer groups. Their objects were to raise the level of public consciousness about education, to build a coalition of organisations concerned about the impact of government policies on the government sector, to seek support from media industry unions to gain adequate and balanced coverage of educational needs, to mount electoral activity at the federal level and to seek the support of state governments. Publicity was to be given to Schools Commission programs that had a dramatic and positive impact on education, to the essential requirement of greater resources, to the essential nature of Commonwealth involvement to ensure the equality of opportunity for all students, and to the high level of unemployed school leavers as a consequence of the government's economic policies (ATF 1980, 25-26).

The delegates also called on the federal government to retain the Schools Commission as a statutory body with nominated representatives of parent and teacher organisations, and able to make recommendations, on the basis of a realistic assessment of needs, to government without restriction or interference. It demanded restoration of genuine triennial funding, full automatic quarterly cost supplementation, acceptance of the primary obligation to government schools, and provision of sufficient resources to meet the 1979 targets (ATF 1980, 27).

In 1978 the ATF had called for no further transfers of funds from government schools to the private sector, for a meeting of the capital backlog in government schools, for funding for the implementation of the commission's resource configuration, and for the breaking of the nexus between government school funding and any future private school recurrent grants. It also called for discussions on all schools being given the option of joining a 'public system', that any school not in the system would not receive funding, that all schools within the system would be subject to the same government policies and controls, and that all public schools would be staffed from centrally employed teachers (ATF 1980, 28). The same conference also called for full public

accountability for the expenditure of all public funds and that discriminatory enrolment policies (on grounds of religion, sex, academic or sporting ability) be ended (ATF 1980, 30). The same conference decided to set up an ATF Schools Commission Committee made up of ATF commission representatives, Joan Kirner and Ray Costello, the ATF Secretariat and additional members from affiliates. This committee was to investigate the question of school funding, the adequacy and possible modification of the Interim Committee standards, the future purposes and roles of the commission in the light of present political realities and the ATF attitudes to the commission (ATF 1980, 31).

These resolutions give a clear picture of the extent to which the government sector teachers' union was disgruntled with the development of funding policies by the Fraser government and the emasculated role of the Schools Commission. As the ATF became more militant, its campaign became more bitter and more focused on non-government schools. Its short term strategies were directed at obtaining Commonwealth undertakings to freeze future grants to non-government schools for a minimum of four years, and in the longer term to aim to bring about an end to all funding (Mortensen 1985, 84).

The Council for the Defence of Government Schools' (DOGS) High Court challenge to the legality of state aid under the Australian Constitution was an outcome of the increased polarisation that federal intervention into school funding engendered (see Appendix 5 for details of the appeal). The strong majority findings of the court in favour of the constitutional validity of Commonwealth non-government schools funding laws finally put to rest community debate over the legality of state aid.

6.7.2 Catholic Sector Dissent

The National Catholic Education Commission was not entirely happy with the outcomes of the Fraser government policies. The ungoverned expansion of new places in low fee non-Catholic non-government schools put at risk a proportion of the non-Catholic enrolments in Catholic primary schools, where the enrolment choice was for a Christian rather than a secular education (by 1983 non-Catholics comprised ten per cent of total enrolments). The allocation of limited funding to highly resourced non-government schools together with the ever-increasing resource levels of government schools beyond the original Interim Committee targets placed the Catholic systemic schools at a competitive disadvantage. Both these factors made the Catholic Education Commissions more critical of government policy than previously.

Catholic schools in Australia had declined in number from 1711 in 1975 to 1626 in 1983. Enrolments had increased by 10% causing an increase in the average size of schools from 290 to 335. In the Australian Capital Territory between 1976 and 1982 non-Catholic enrolments

in Catholic schools had increased by a factor of four. There, in 1983, some 340 students were turned away from catholic schools because of insufficient places; of these 140 were non-Catholics (Mortensen 1985, 82-83). The reasons for this increase are not hard to find. Catholic school fees were as low as 10% of the total income of these schools. Since these schools were often managed with as little as 70% of the resources of the average government school, this meant that parents were only called upon to pay only 7% of what it cost to educate a government school student. This was in striking contrast to many Protestant denominational schools where a parent would pay up to 60% of the cost of a government school education. Added to this was the negative effect of the increasingly bitter industrial campaign being waged by government school teachers. Margaret Wiltshire, the past president of the Victorian Council of State School Organisations has been quoted as saying that 'representatives of Catholic and private schools have told me on many occasions that it is the unsettled industrial climate of government schools which is the greatest thing going for their rising enrolments' (*School Bell*, June 1982 cited by Mortensen 1985, 82).

Initially the National Catholic Education Commission (NCEC) was critical of the Fraser government's allocation of \$2 million to raising the funding level of Category 1 & 2 non-government schools towards 20% of the recurrent cost for a government school pupil. It was not that the Catholic bishops opposed parents' freedom of choice, rather they considered that, in a non-growth period, funds should be allocated proportionately across all schools (*The Catholic Weekly* 21 July 1977). The attitude of the authorities remained ambiguous towards the concept of a base grant. Their concern for equity is expressed in the NCEC *School Funding Policy* of November 1982 which states

The use of public funds must express in concrete terms each person's right to share in the community's education resources in the context of the general state of the economy, parents' economic state, the local community's economic position, and the resources available to the persons and schools under consideration. (B9 cited by Mortensen 1985, 48)

Such a statement goes further in measuring the relative equity in terms of individual, school and community resources than the Schools Commission had ever considered. In doing so, thoroughgoing support for the principles of equity and the prior right of parental choice is given while maintaining support for Catholic systemic schools. Perhaps somewhat belatedly and inconsistently the statement elsewhere supports the idea of a basic grant for the recurrent costs of every Australian schoolchild, the policy of the Coalition government. Presumably this was in order to safeguard the position of the non-systemic Catholic schools (NCEC, *Schools Funding Policy* 1982, C19, cited by Mortensen 1985, 48). It can be seen that the Catholic authorities were concerned primarily with the problems encountered in systemic schools which were still significantly under-resourced when compared with government schools.

By 1983 the bishops were clearer in affirming the principle of a basic grant for all. In the lead up to the 1983 elections they unashamedly lobbied both major parties asking for an increase in the basic grant to 25% of the recurrent cost of educating a student in a government school (Mortensen 1985, 52-53). They were still concerned with the resource gap between the average Catholic systemic school and the average government school. By 1983 they appear to have realised that further cuts and even loss of the basic grant was likely if Labor was elected because of its dependence on the support of the numerically strong Australian Teachers Federation and its state affiliates. By returning to a position of solidarity with the National Council for Independent Schools, the maintenance of present funding appeared more secure.

6.8 THE FRASER GOVERNMENT'S ATTEMPTS TO GAIN CONSENSUS

The end result of the Fraser government's regulatory and redistributive school funding policy was a significant change in the sectoral balance in favour of established non-government schools, which consolidated and grew larger, and a new class of small schools sponsored either by Protestant groups or by those attracted to a particular educational philosophy. Government schools, despite their protestations about being discriminated against, were enabled to meet the Interim Committee resource targets ahead of time chiefly because of the increased capacity of state governments to redirect funds from the tertiary to the school sector as a result of the Commonwealth's assumption of responsibility for tertiary funding.

Community expectations regarding educational improvements continued to be fanned by public school lobby groups, despite the government's austerity in fiscal matters. Public accountability measures were slowly evolving. What was lacking was the capacity to regulate the duplication of services caused by new schools opening in districts already well-supplied with student places. In particular, this prolonged the process of upgrading existing school facilities and meant that the needs of areas of new population were not always given the attention they deserved.

The Fraser policy of facilitating parental choice through unlimited expansion of non-government places, of removing much of the Schools Commission's discretionary power in the allocation of funds between programs and of setting priorities by means of restrictive guidelines, returned the question of school funding to the public arena. To maintain a regulatory regime required further prescriptive regulations if the Commonwealth government was not to have to continually defend itself against charges of discriminatory or unconstitutional behaviour. It also required a longer and more predictable planning horizon and greater cooperation between sectors if wasteful duplication was to be avoided. These issues were taken up by the Hawke government.

**INSTRUMENTALISM, RECONCILIATION AND CREATING A NEW
FUNDING BASIS: Hawke Labor's Reforms, 1983-87**

7.1 INTRODUCTION

Four features of the Fraser government's reforms rankled those who did not share the government's political philosophy. These features were the fostering of unrestricted parental choice between government and non-government schools, the stringently limited funding allocations, the prescriptively guided and circumscribed functions permitted to the Schools Commission, and the redistributive outcomes of Commonwealth school funding policy which saw a larger proportion of federal funds going to smaller non-government sector. This subsidisation of choice had made private schooling more affordable to a greater percentage of Australian parents so that between 1975 and 1983 a 14% increase had taken place in non-government school enrolments. This was at a time when government school numbers, particularly at primary level, were suffering a decline. These policies had provoked dissatisfaction and dissent among supporters of, and workers in, the public schools.

As calls were made for administrative changes to secure more rational planning and the avoidance of wasteful oversupply of school places in some areas while insufficient resources were available to improve the standard of schooling in others, the Australian Labor Party developed a new policy framework to address these issues. The overriding concern was to blunt the ideological divisions of the past and to forge a new consensus. The Hawke Labor government was also concerned to move more carefully than the Whitlam government had done so that it might hold office longer and consolidate its reform programs. It also wanted to be seen as a good manager of the public purse.

The foremost needs were measures to limit the unrestricted increase of non-government schools. The key elements in Labor's solution were the introduction of an agreed community standard as the basis for differential funding; the legislated guarantee of government allocations in advance of each quadrennium; the commissioning of an independent review panel to recommend on suitable policy and administrative procedures for Commonwealth assistance to new schools; and a redefined role for the Schools Commission.

This chapter examines the complex steps taken by the Hawke government between 1983 and 1987 to put these policies in place. It begins by tracing the formulation of Labor school funding policy in the years immediately prior to regaining office. Next, this new funding policy is

considered in the context of the ambitious reconciliation process inaugurated by Prime Minister Hawke. This is followed by an examination of the implementation process. Attention is given to the ramifications of the Quality of Education Review Committee report for Commonwealth funding for schools. Finally the reasons for, the terms of reference and the findings of the inquiry of the panel of Schools Commissioners (Connors report) into Commonwealth funding policies for new non-government schools are examined.

The next chapter traces the implementation of these reports in the context of further government reforms. It also assesses the outcomes of Labor policies in order to evaluate the extent to which government intentions were achieved before the Keating government lost office in 1996.

7.2 REDEFINING EDUCATIONAL GOALS: LABOR POLICY FORMULATION

The context in which educational goals had to be redefined was the collapse of many of the basic ideas underlying the Australian system: the White Australia policy, imperial benevolence, state paternalism, industry protection and wage arbitration (Kelly 1992, 1-13). The last three had a bearing on education policy making. As well, it had become apparent that the traditional Australian view (Handcock 1930, 72-73) of the state as a vast public utility, whose duty it was to provide collective power at the service of individual rights, was no longer sustainable. Kelly (1992, 14-15) identified the 1980s as marking the advance towards multiracialism, the demise of protection, an assault on arbitration, a loss of confidence in state power, a turning away from government paternalism, a shift towards market power and deregulation, an attempt to secure improved productivity, a deeper sense of self-reliance, a reappraisal of welfare as a need and not a right, and an emphasis on individual responsibility. The irony for the ALP was that, in addressing these issues, it risked undermining the ethos and institutional pillars of its own support.

The ALP in opposition had been faced by two difficulties regarding school funding. Previous Whitlam policies, although ideologically acceptable and conducive to more equitable outcomes, were financially unsustainable. Fraser Coalition policies were ideologically abhorrent because they appeared to favour the non-government to the public sector and because they gave greater weight to individual choice than to redressing residual inequalities in schooling. The challenge was to devise a school funding policy that reinstated need as the basis for funding, that had a distributional outcome which addressed resource inequalities between schools and systems, and that restrained what was seen as the wasteful duplication of schools permitted by the Fraser policy of unrestricted expansion of the non-government sector. Above all, it had to create a fresh community consensus.

In the policy evaluation process, the Labor opposition attempted to analyse the reasons for the failure of the Whitlam government. Some realised that there were lessons to be learnt from the Whitlam experiment. They recognised that Whitlam had attempted to fix the superstructure without attending to the economic base upon which it sat. His government had gone too far, too fast. Emy (1991) has argued strongly for the continuity between Whitlam and Keating. The lessons drawn by Labor in opposition were that it must demonstrate managerial efficiency to produce a sufficient level of economic growth to maintain the living standards of ordinary Australians. Secondly, that Labor must codify relations with the unions through an Accord. Social justice would follow from this into education (Beilharz 1994, 85-97, 126).

Party members found their sense of social justice was offended by the Coalition policy of providing a basic level of recurrent funding for all non-government students, regardless of need, at a time when demonstrable resource deficiencies existed in both state and Catholic systemic schools. Secondly, the large Australian Teachers' Federation (ATF) left party conferences in no doubt about their dissatisfaction with the seemingly unlimited growth of the non-government sector under the Fraser administration. It was argued that the Schools Commission's administrative procedures were too open-ended in allowing unlimited recurrent funding for new non-government schools thereby promoting enrolment transfers from the public sector. On the other hand government guidelines had been too restrictive on the Schools Commission's freedom to make studied and impartial recommendations. Thirdly, it was argued by the ATF that the present funding system lacked accountability by the states and non-government school authorities for the way in which funding was being spent. This was compounded by the inability of the Commonwealth to enforce its maintenance of effort requirements on state governments and non-government providers (ATF 1980, 28, 30).

The causes of these deficiencies were clear, their remedy less so. The sovereignty of state governments meant that fiscal priorities relating to education were the province of state cabinets and, where the majority of state school funding came from state budget expenditure, federal priorities could not be enforced through section 96 recurrent grants. Under McKinnon's leadership the Schools Commission had sought to use its special programs to bypass this constitutional problem by delivering funding directly to schools (Swan 1994), but these funds were severely limited by the restrictive Fraser guidelines. Nor were Catholic systems able to be persuaded to raise resource levels closer to government school standards instead of using Commonwealth recurrent funds to create additional places at existing or new schools. Party members believed it was critical for the Labor Party to have a more focused approach to these problems when it next came to government.

7.2.1 *Labor Essays 1982*

These concerns are reflected in the annual *Labor Essays*. The authors attempted to face the issues in the major policy areas and to chart a fresh advance. The first to deal with education was David Bennett (1982). The former ACER Chief Research Officer and full-time Schools Commissioner (1973-1978) was particularly well placed to analyse the difficulties facing any future Labor government. He saw the task as a recommitment to social justice to redress the unbridled meritocratic developments of the Whitlam reforms and subsequent Fraser modifications. This task would be assisted by the decline in public expectations that education could deliver an equal society, maintain economic growth and national prosperity, higher incomes, interesting jobs and a pleasant middle-class lifestyle for all (Bennett 1982, 164-5).

Bennett urged a realistic assessment of the Schools Commission's work. The 1969 Labor policy had failed in practice because it was wrongly predicated on the belief that the Commonwealth would be the principal source of funds for school education and that it could determine and maintain national resource standards. There had been a failure to recognise that the Commonwealth assumption of full funding for tertiary education would free the states to apply more funding to government schools. The result had been a 23.3% increase in recurrent expenditure by the states on education in the four years to 1979/1980, in spite of falling school enrolments. This had been a response to the relentless escalation of social aspirations and the demands of militant teachers' unions. It had also arisen from the self-imposed obligations of state governments to employ the expanded number of graduates from Commonwealth-funded Colleges of Advanced Education. As a consequence the Schools Commission had abandoned any pretence that it could apply a needs policy to government schools.

The other result of increased state expenditure was that Catholic school standards had not improved to the extent expected. By 1981 they stood at 70% of current state school standards, a lower level than had existed before the Whitlam reforms (Bennett 1982, 173-4). It should be noted that no serious public discussion had been given to the assumption that current government school standards were the appropriate yardstick for Commonwealth funding, nor was there any recognition that there was a lack of comparability between states' statistics for resource use (Swan 1994). Catholic systems, with a much leaner central administration and fewer support services, may not have been as under-resourced as the global measures used by the Schools Commission seemed to suggest.

Bennett drew two conclusions from his analysis: firstly, that the Commonwealth could not expect to act as judge or custodian of national standards; and, secondly, that previous attempts to solve state aid problems had failed. Improvements in state school standards brought

continuing pressure at state and federal levels for still more aid to Catholic schools, 'but no rational basis exists at either level for calculating the amount now required, let alone any basis for planning how to meet future needs' (Bennett 1982, 174-5).

The paper was critical of the Schools Commission's advocacy (in its 1981 *Report for the Triennium 1982-1984* [SC 1981b], 4.10-13) of a maximum, rather than a minimum, resource standard and for its adherence to the principle that the Commonwealth should not assist schools to exceed it. Bennett foresaw that non-government schools could reach such an artificial ceiling in resource levels while state school standards went on rising. Although limiting the Commonwealth's responsibilities for non-government schools, the 1981 recommendations would produce the very situation the Schools Commission was created to prevent. He argued for greater public accountability for Commonwealth and state funds (Bennett 1982, 175-176).

This supposed lack of responsibility by state education departments became a favourite stalking horse of some. In contrast, state administrators saw the Schools Commission itself to be less accountable than themselves. With some justification, it was argued that state education departments each had century-old data banks, were accountable to their respective parliaments and were subject to state audit. What was lacking was uniformity and consistency of data between states. Although generally willing to cooperate with the Schools Commission, state Directors-General did not welcome chairman Ken McKinnon's adversarial approach and his determination that the Commonwealth should dictate to the states on a number of the policy matters, without having regard to the sovereignty of state parliaments. Nor was he always receptive to explanations of the reasons for existing state government policies or to the difficulties state education Directors-General had in reconciling their own accountability to their respective state ministers with Commonwealth attempts at intervention in the school policy domain (Swan 1994). Nevertheless, many ALP policy makers favoured the centralist line promoted by McKinnon.

The incoming Hawke government sought to bring a greater degree of uniformity between the states by establishing State Planning Committees. State departments, Catholic systems and the Association of Independent Schools were generally willing to cooperate. The chief problems for the Planning Committees lay with some Christian school groups who tended to be more secretive about their intentions, their sources of private funds and their resource levels. Some had highly complex constitutions and titles linking them to their parent churches (Swan 1994). These issues were overlooked by Bennett.

Flaws in the present system that Bennett diagnosed were the lack of an accountability requirement for maintenance of effort or the level of enrolments. Fees could be held stationary or

even reduced at a time that parental capacity to pay was improving. Instead of bringing their existing schools to a minimum standard, Catholic authorities often applied some of their recurrent funding to creating additional places or to new schools within the same system in the expectation of later recurrent allocations for these new places in their own right. New building projects might be undertaken without seeking approval, using the limited resources of a school to meet interest charges (Bennett 1982, 175).

Bennett was critical of Labor governments' failure to apply socialist theory to the operation of schools. He instanced several examples, including the expectation that working class children had limited abilities; the teaching of competition and failure, thereby legitimating meritocracy; and the greater expenditure on winners, thereby perpetuating and justifying social classes. He suggested that Labor's aim should be to increase socially underprivileged students' chances, thereby producing a more equal society (Bennett 1982, 178-180).

He proposed that Catholics must be assured sufficient funding to lift schools to an acceptable standard; that state schools were the 'primary obligation' of governments; and that no funding should go to non-government schools to maintain resources above state school standards (Bennett 1982, 176). The state aid problem should be addressed on a pragmatic short-term basis. Positive discrimination should be used as the guiding principle, rather than equality of opportunity, so that educational resources were provided according to need and social priorities (Bennett 1982, 181-184).

7.2.2 *Labor Essays 1983*

In the next year's collection of essays, John Dawkins (Shadow Minister for Education) and Ray Costello (his policy adviser, former General Secretary of the ATF and Schools Commissioner, 1973-1978) saw that the future for Australians depended on the extent to which they could take charge of their own destiny. The two barriers to the Labor dream of a just and equal society were growing unemployment and inflation. They argued that the next ALP government had to reverse the Fraser policies which encouraged private privilege instead of the public good (Dawkins & Costello 1983, 68).

Adopting a stronger instrumentalist approach than Bennett, the authors (1983, 72) argued that equality of opportunity should mean that all members of society had access to an education that provided important skills, developed critical awareness and gave an understanding of rights. Secondary schools should provide for the learning needs of the majority and not simply the minority who were going on to tertiary study. The Commonwealth government must have an enhanced role in setting educational objectives in line with wider national goals. They believed

that a workable measure of accord could be reached to secure change. These objectives would also provide the framework for state education departments' setting of policy (Dawkins & Costello 1983, 69). Foremost would be the goal of higher participation rates in post-compulsory education. By lifting the skills of the work force, Australia would be more responsive and competitive, and the level of youth unemployment could be reduced (Dawkins & Costello 1983, 70). These ideals seemed plausible at the time to those accepting the authors' 'New Right' economic frame of reference. The TAFE system, rather than schools or higher education, was seen to be the sector most in need of funding, not least because of its provision of 'second chance' education for adults. Herein lay Labor's agenda for the future. Education was linked to employment and to economic growth. The instrumental use of schools was sanctioned in order to prepare students for change. The projected national objectives were achieved in the 1989 Hobart Declaration. Under Dawkins' highly centralist administration of the education portfolio the mega-department of Employment, Education and Training was established to administer these changes.

The potential impact on non-government schools was not immediately apparent. Increasing retention rates would expand the more expensive senior secondary years in all but the non-systemic non-government schools which already had high retention rates. The renewed emphasis on using education as an instrument of social policy heralded a change in funding policies in favour of the schools with least resources. The method of restricting the non-government sector's expansion was not specified, although any move in this direction would increasingly repoliticise Commonwealth funding by antagonising much of the non-government sector.

Dawkins and Costello drew attention to the mutually incompatible but principled positions of both sides of the Commonwealth funding debate. Supporters of government schools argued from a transcendent universalist perspective (Gutmann 1996, 162) that the sole responsibility of government is to provide education which is free and open to all. On the other hand, supporters of non-government schools argued from a separatist particularist perspective that in a pluralist society the parents of children have the right to choose the type of education their children have and that it is the duty of governments to support their choice. Since each side saw its position as being based on a fundamental principle which could not be relinquished, hopes for a permanent resolution were rather dim. Neither side had to face the possibility that its position would be implemented fully, nor did it consider the practical effects or social consequences of its claims (Dawkins & Costello 1983, 73). The authors did not consider the possibility that governments of both sides of Australian politics have contributed to the divisiveness of the state aid issue by their reluctance at the policy formulation stage to search for a

philosophical rationale appropriate to a modern multicultural democratic society which might reconcile the universalist and pluralist positions.

Instead, to break the impasse, to sublimate dissent and to create the projected workable measure of accord, Dawkins and Costello proposed a revamped needs-based approach. The centrepiece was a return to the Whitlam needs principle but it was to be based on a community standard as the new measure of need. The standard was to be established by an extensive review of school resource use by the Schools Commission. It was anticipated that many schools operating above the community standard would find it in their interests to reduce their levels to the standard to attract maximum funding (Dawkins & Costello 1983, 78). The second initiative would address the maintenance of effort requirement more effectively in order to close the resource gap between government schools and many of the new non-government schools as well as existing schools which had drifted downwards through the category system (by 1980 almost 80% of all non-government schools were in the lowest funding category - see Table 7.1). The new

Table 7.1
 Recurrent funding category distribution, non-government schools 1972-1979

1972		1979	
Category	Proportion of non-government schools %	Category	Proportion of non-government schools %
A	19	1	6
B	6	2	8
C	7	3	5
D	5	4	2
E	8	5	2
F	15	6	78
G	19		
H	21		
	100		100

Sources: Interim Committee (1973), *Schools in Australia*, Table 6.6, p 72; Schools Commission (1980f), *Triennium 1979-1981. Report for 1981* (SC 1981e) Table 3.3, p 12.

Labor policy required negotiated agreements between the Commonwealth and states on the resource level of government schools, and between the Commonwealth, the states and the non-government school authorities on resource levels for non-government schools (Dawkins &

Costello 1983, 75). It was believed that this would overcome the twofold objection that funds were supplied to non-government schools for one purpose and used for another, and that Commonwealth funding for government schools was generally invisible to the recipients because of admixture with state government allocations.

The most contentious aspect of the Dawkins and Costello scenario was the stated intention of Labor on assuming power to remove the Commonwealth subsidies for non-government schools with the highest resource levels (a virtual re-run of the Whitlam fiasco). The driving force behind this policy was the egalitarian ideology of the ALP Left, the dominant faction in Victoria. It was argued that such schools could have no claim on government for public support when they provided 60% more resources than government schools and 225% more resources than 80% of the non-government sector (Dawkins & Costello 1983, 77). The paper hinted darkly at the very difficult questions emerging in balancing the rights of publicly supported schools to maintain a special character with their obligations as publicly funded institutions (Dawkins & Costello 1983, 79).

As early as November 1982, the *National Times* headlined the Dawkins' policy as 'Dawkins stakes future on rolling private schools'. The article portrayed Labor policy as a refusal 'to stop funding the schools of private privilege and wealth' in order to achieve its objective of needs-based education funding. This, it opined, would involve another fight with Catholic bishops who saw needs-based funding as the thin end of the wedge to end state aid. The article drew attention to those in the ALP who doubted the wisdom of reviving the fight. Dawkins was reported as justifying this contentious matter on the grounds that discriminatory funding policies of the Fraser government had already inflamed debate. On the other hand Catholic Archbishop Carroll of Sydney was reported as saying that Catholics were keeping out of the debate because they had no interest in reviving the state aid issue (*National Times*, November 1982, 3-4).

In the 1983 elections, the ALP had portrayed itself as saving the Schools Commission from the perversions of the Fraser period. It had promised to restore Commonwealth commitment to government schools, to introduce greater planning before new non-government schools were permitted, to restore the School Commission's role as the arbiter of real needs, as well as implementing a phased reduction of recurrent grants to schools with resources in excess of the community standard. The various school authorities were to be brought together as part of the broader reconciliation process (Hurford 1983; and Hawke 1983).

7.3 THE ALP IN GOVERNMENT: THE RECONCILIATION PROCESS

Australia's poor economic performance created a community frustration with the Fraser government's inability to redress the economic decline (Lingard 1993, 26-28). A way out of this

difficulty was offered by the Labor Party when it replaced Bill Hayden as leader prior to the 1983 federal elections. The unconventional leadership style of the new leader R J L (Bob) Hawke offered hope to a substantial number of the disenchanted who voted for the ALP in sufficient numbers to return it to government. Mills (1993, 4) has pointed to Hawke's pragmatic presidential style, direct relationship with the electors, lack of respect for parliament, and ability to master the unions as compelling. Hawke's program was three-pronged. The first was his total belief in the power of negotiation and his own capacity to resolve conflict to gain the co-operation of traditional rivals (Mills 1993, 10). The second strand arose from the significant influence of the neo-conservative 'New Right' economic thinking and free market ideas of Professor Michael Porter of the Centre for Policy Studies at Monash University on Hawke, Finance Minister Peter Walsh and Minister for Trade (and later, Education) John Dawkins (Smart 1989, 305, 318). As early as 1974 Hawke had conceived a plan for the changing of the fundamentals of Australian economic management by devising a new method of wage fixing which would achieve sustainable economic growth and growing employment. The essence was an accord whereby workers would trade restraint in wage increases with government which would compensate them with a tax relief and 'social wage' increases such as increased spending on social welfare, health and education (Mills 1993, 11). The third part of the program was to end the long cycle of Labor defeats by capturing the middle ground in Australian politics by shifting Labor ideology to the right and by delivering wealth creation in the national economy (Mills 1993, 12). Each of these was to have important bearings on educational policy.

Beilharz (1994, pp x & 2), in his critique from a radical Left perspective, sees the ALP between 1983 and 1993 as modernising Australia by deregulating and globalising its economy. At the same time the Labor Party itself had to be modernised and transformed. The cost of earning its managerial credentials has been, in Beilharz' view(1994, 4), the 'emptying out the labour tradition, even while constantly appealing to it'. Pusey's (1991) study of the changes in the upper echelons of the Commonwealth Executive Service and the influence of the ascendant economic rationalists of the Treasury and other departments on the Labor government has met with broad agreement.

Central to the modernising process was the ALP-ACTU Accord which facilitated the progressive erosion of the historic compromise between labour and capital, which had used economic protection to deliver an artificially high standard of living. It has been argued that the Accord itself rested on the fatally flawed logic that if the wages drift of the Whitlam period could be reversed, capital would invest and there would be new industries and new jobs. The Accord certainly reversed the Whitlam-instigated flow of GNP from capital to labour (Beilharz 1994, 129), but the significant reduction in unemployment was not as forthcoming.

The second stage of the Hawke formula was a tripartite agreement between the government, the unions and selected heads of Australian business to be forged at two National Economic Summit Conferences. Hawke, by establishing the outcomes in advance, ensured the fulfilment of his 1979 Boyer Lecture promise of national consensus and national reconciliation (Beilharz 1994, 130-1). In this process the political radicals gave way to the politicians who gave way to the economists in a form of planned capitalism (Beilharz 1994, 136-7). In this process, Labor's Right supported a process which saw the traditional settlement, based on White Australia, industry protection, wage arbitration, state paternalism and imperial benevolence, to be undergoing an 'irresistible demolition' (Kelly 1992, 2 & 15). This represented a massive attack on both Whitlam and Fraser, who had rejected the economic rationalists' claim that all would be well with deregulation and globalisation.

Simon Marginson (1993 and 1997a & 1997b), formerly the research officer with the national teachers' union, has drawn attention to the link between economic restructuring and educational policy which served to place educational issues at the centre of national political life. He demonstrated the surprising degree of consensus between Labor and the Coalition Parties on the economic role of education. Both supported the later move to competency-based training (Marginson 1993, 24-26). He also pointed to the human capital theory's revival in the 1980s as the link, not only between government and opposition economic theories of education, but also between British, American, New Zealand and Australian political thought (Marginson 1993, chapter 2). He has argued that such thinking has led to a neglect by both sides of the growing inadequacy of public funding, the inherent conflict in the 'user pays' philosophy and the principle of equity, and the deteriorating status of teaching (Marginson 1993, 27). The same criticisms underlie the ATF 1984 research paper, entitled 'The Schools Guidelines: Hawke in Fraser's Clothing' (*ATF Research Notes Number 2*), which expressed outrage at the extent to which the Hawke government had embraced the philosophies of the right.

Nevertheless, there was at the time a widespread perception that the large increase in educational resources had not produced any obvious improvement in standards. Many blamed the educational system for producing ill-equipped workers which, in the context of the poor state of the economy and the structural changes that were occurring in the work force, meant that youth unemployment had become a serious and intractable problem. In addition, demands by teachers for industrial action to gain even more resources for better school conditions were alienating the wider community, many of whom were aware of a worldwide questioning of the quality of education (Karmel 1985, 281-283).

The superior economic management on which the Hawke government prided itself demanded community consensus on educational matters as much as it did on industrial issues.

The direction government thinking would take was in no small measure determined by the government's acceptance of economic arguments in favour of the instrumental use of education to provide a flexible, adaptable, educated work force capable of contributing to a modernised and globalised Australian economy. As Pusey (1991, 109) has shown, this simply reflected the type of education the chief policy advisers to the Hawke government had undergone themselves: a modern type of economics education dominated by logical positivism with a narrowly reductive view of the economy, politics and society; overseas work experience, usually with the World Bank; and a taste for power and more private work satisfactions associated with the 'achievement ethic'. Human resources therefore become 'reducible to skills and jobs that are, in turn, defined only in terms of system goals and measurable performance criteria (Pusey 1991, 184). Marginson has offered an extended critique of this reconstituted human capital theory (Marginson 1993, 31-54). From this point, educational discourse became couched in economic terms and its framework was largely formed by the dominant economic concerns of the day.

The implications of this change for educational funding has been demonstrated by Lingard (1993, 26-27), using the distinction developed by Offe between conjunctural and structural policy decisions. Conjunctural decisions had been made by the Whitlam government in a time of economic well-being to adopt a demand-side solution in response to community needs. However, in times of institutional and economic crisis, supply-side structural policy decisions are made to manage demand within a restricted funding ceiling. The former characterised the 1973 *Interim Committee report*, while the latter, with its heavy emphasis on costs, productivity and efficiency, is to be found in the second 1985 Karmel (QERC) report. Similar trends are at work in the replacement of equity concerns by the quest for measurable positive outcomes.

In short, the heavy emphasis on 'corporate federalism' did not bode well for the non-government sector. Although these processes were imperfectly understood among non-government school administrators, the foreshadowed attack on the forty to fifty well-resourced non-government schools served to focus all that sector's anxieties and misgivings about the future.

An immediate requirement for a Labor Prime Minister is to deliver the promised outcomes for the unions which supported his election. In 1973 Whitlam was quick to implement the promises for an independent inquiry into education. The Australian Teachers' Federation was undoubtedly one of the larger contributors to the Hawke election in 1983. As early as January 1982 the federal conference of the ATF had moved to a 'no state aid' position. Later that year, when its Schools Commission member's term of office expired, it refused to nominate a replacement. The ATF had also been successful during 1982 in having the ALP education policy altered to require 'that Commonwealth funds be available only to those non-government schools

whose total private and public resources do not exceed the resources of comparable government schools' (cited by Smart, Scott, Murphy & Dudley 1986, 65).

As the election approached, the shadow minister, Hurford, declared 'Labor will end the unfairness of the Fraser government's policies. They have rekindled the wasteful state aid debate by cruelly unjust appropriations of the education dollar. This has caused the resentments which are so divisive ..' He went on to promise, not that Commonwealth funding would be reserved for government schools as the ATF demanded, but that 'Labor believes that the national government should be ensuring that the scarce education dollar must go in preference to those schools with less rather than those schools which are already above a *community standard*' (see Smart, Scott, Murphy & Dudley 1986, 66). First Hurford, then Hawke, reassured their constituency that the fifty wealthiest schools would have their recurrent grants reduced from 20% to 15% of government school running costs in 1984, followed by a further reduction to 10% in 1985. The implication was that funding by 1987 would be phased out altogether. Furthermore Dawkins and Costello had already signaled the breaking of the nexus with government school costs and the development by the Schools Commission of a 'community standard' (*Labor Essays 1983*, [Dawkins & Costello 1983], 78). Such pronouncements were designed to reassure government school supporters of the Hawke Labor intentions were socially just.

The proposed phasing out of assistance to well-resourced non-government schools, a discredited Whitlam policy, at first blush appears to have revealed a failure to learn from past mistakes, since Hogan's analysis (1978, 208-211) was available to the government to reveal the close links between Catholic parents, the NCIS and the Liberal party. However, on inspection it appears that the Hurford-Hawke rhetoric was a means, a costly one as it turned out, for buying time and ensuring the ATF's full backing until the Summit meeting of government, business and union leaders was in place. Union reassurance was vital for the fulfilment of the Hawke dream of community consensus and national reconciliation through the Accord and the National Economic Summits. It was vital to gain full ACTU support to forge the new path of economic management that would ensure Australian economic recovery and growth. Thereafter, once the union movement was locked in by the Accord, the government could take a more independent line in response to the inevitable backlash from the non-government sector.

The education unions would have taken comfort from the appointment of Senator Susan Ryan as the new education minister. Her past involvement with the public education sector as Executive Officer of the Australian Council of State School Organisations made it clear to the non-government sector that relations with government and the basis of funding were likely to change. It was to her, rather than Dawkins, that the lot fell to implement this contentious policy and to deal with the inevitable fallout.

However, there were signs that the Hawke government might not be as ready to reward the faithful in the ATF as his predecessor Whitlam had been. Firstly, the 1980 ACTU discussion paper 'The Relation Between the ALP and the Trades Unions' recognised the autonomous nature of the party, that it was not the servant of the unions (*Labor Essays* 1982 [Bennett 1982], 45). Secondly, a good deal of the running in developing Labor's policies prior to the election had been taken by the Metal Worker's Union not the ATF. For the Hawke consensus program enshrined in the Accord to work, it was the metal workers, the union which established wage benchmarks, who were going to need careful handling in the drive for economic modernisation, deregulation and globalisation. Thirdly and allied to this, industry development policy required a comprehensive policy on training and retraining. This was hardly within the domain of traditional school teacher unions. Finally, the ATF itself was experiencing significant strains with its largest affiliate, the New South Wales Teachers' Federation, where serious leadership power struggles were depriving it of unanimity and where its support for the ATF was only token support on a number of key issues, the most important being the issue of the national registration of teachers (Swan 1994).

Even more ominous signs were there for those who were prepared to look. At the national summit, Carnegie (a spokesman for employers) blamed the education system for causing the recession (Beilharz 1994, 133). Meanwhile the Prime Minister was cautioning those who aspired to a renewed 'Karmelot' (a verbal play on the name of Peter Karmel, chair of the Interim Committee, whose recommendations led to the largesse in school funding under the Whitlam government):

If a genuine consensus is to emerge, it must mean an understanding on the part of all sections of the Australian community, of the constraints they will be called upon to make to the process of national reconciliation, national recovery and national reconstruction. (*National Economic Summit Conference* 1983, 3 cited by Beilharz 1994, 131).

7.4 IMPLEMENTING LABOR FUNDING POLICY

In July 1983 Education Minister Ryan revealed, in Labor's first Schools Commission guidelines, the initial steps in the implementation of Labor education policy. These were the abandonment of the nexus between non-government school funding and government school operating costs and, secondly, a 25% reduction in recurrent funding to the wealthiest forty-one private schools (Schools Commission 1983a, 37-38). The former was justified in the climate of escalating government school resource levels above the original Interim Committee targets. In place of the nexus a greater weight was to be given to the principle of need using the community standard which had an inbuilt mechanism providing for an additional funding allocation in

recognition of the 'particular obligations' of government schools. The latter was inserted into the original proposal to win Australian Teachers Federation support. The guidelines also promised better planning and coordination in relation to new non-government schools, and greater accountability from those receiving Commonwealth funding (Schools Commission 1983a, 32-33). As Dudley and Vidovich (1995, 89-90) observed, the government was concerned at the potential for school funding to rise uncontrollably while procedures to slow the rate of growth of non-government schools were being developed. Enrolment drift made the prospect of a 'fairer' distribution of Commonwealth funding unlikely. This inaugural expression of policy caused worry for the low-resourced non-government schools who saw their chances of improved resources diminishing. On the other hand, it partially satisfied the ATF with its promises of greater accountability and the return to a needs-based system.

The reduction in recurrent funding for the wealthiest private schools was ideologically driven (achieving a \$4 million saving from a total \$1,221.8 million Schools Commission budget) and must be judged politically naive. It served to focus the uncertainties of the whole non-government sector in opposition to the government's policy. It was naive because it failed to recognise that the Catholic education authorities had already signaled their opposition to any policy to cut off aid to these Category 1 schools (*Sydney Morning Herald* 3 December 1982, 1). Attempts by party representatives to have the church reconsider its stance had failed (*Sydney Morning Herald*, 9 December 1982, 2). In the ensuing media campaign, which saw the Catholic Education Commissions side for the second time in a decade with the independent non-government schools against a Labor government, the 'Ryan Hit-List Affair', as it became known, totally eclipsed the increase of \$9.5 million in funding to the other 90% of non-government schools and the increase of \$31.4 million to government schools (Smart, Scott, Murphy & Dudley 1986, 66).

If democracy is about the peaceful management of conflict, the ALP's initial foray into school funding did little to produce a workable measure of accord or to impress the public with its managerial competence. More astute methods were needed if the government was to retain its credibility as an effective manager, committed to community reconciliation and to exercising prudential fiscal control by reducing Commonwealth outlays (see Marginson 1997, 88-91, 95-98). As a response to Left wing resentment over the failed attempt at limiting the funding to the wealthiest non-government schools, cabinet agreed to set up the Quality of Education Review Committee under Peter Karmel's chairmanship in order to provide independent analysis of the outcomes of school funding.

7.4.1 Non-government school reactions

To appease the Labor heartland, the government had provoked the non-government sector into forming a defensive alliance. In the latter part of 1983 Senator Ryan paid the price for the political ineptitude of this policy as she faced large and hostile gatherings of non-government school parents across Australia. So successful was the campaign of opposition that it seemed likely that Ryan would be moved to a less volatile portfolio to assuage the wrath of these parents. In the end, the Prime Minister had to intervene to reassure anxious parents that this was not the thin end of the wedge and that funding would not be phased out to non-government schools (Smart, Scott, Murphy & Dudley 1986, 66). The publication of *Commonwealth support for non-government schools* (Department of Education and Youth Affairs, 1983) was designed to inform parents about the government's intentions beyond 1984 and promote understanding of the reasons for the move to a community standard from the percentage link to government school costs. Confidence was gradually restored when the fact that most non-government schools would be better off sank home. Early in 1984 a chastened Senator Ryan told an audience at Geelong College that change under a Hawke government would be 'gradual and reformist, rather than abrupt and radical' and that the government had given a 'commitment to consultation and consensus' (*Commonwealth Record* 1984, 379-381 cited by Smart, Scott, Murphy & Dudley 1986, 66).

The first step in buying time for the resolution of the state aid issue was the announcement in the Guidelines for 1984 of a twelve month deferral of the next triennial report while consultation took place on the replacement of the automatic nexus between non-government school per capita recurrent funding and the government school standard costs. The subsequent publication in April 1984 of the report *Commonwealth Standards for Australian Schools* did little to allay the misgivings of the government school sector over the government's resolve to honour the primary obligation under the Schools Commission Act to provide resources to government schools. The 'artificial derivation' of the community standard was criticised by one pro-government school commissioner (J Brown minority report, SC 1984d, 116-117), while the whole notion of a 'community standard' was unacceptable to the other (SC 1984d, 127).

7.4.2 Recapturing the initiative

The Hawke commitment to his 1979 Boyer Lecture promise of national consensus and national reconciliation (Beilharz 1994, 130-1) led to the announcement on 11 March 1984 to a meeting of Catholic parents at Marist Brothers High School at Kogarah that 'State aid will not be allowed to become an issue under my government' (cited by Harrold 1985, 16). In the face of the

1982 ATF conference resolution of no state aid to schools outside the public system, the need to ensure the re-election of the New South Wales Wran Labor government in March 1984, the publication of the two minority statements in April to the Schools Commission report *Funding Policies for Australian Schools* (SC1984d), the prospect of the biennial Labor Conference in July and the threat of an early election, the Hawke government set about resolving how to increase the resource standards of the 80% to 90% of non-government schools which were below government school standards while increasing the recurrent grants to government schools (Harrold 1985, 17-18). This was achieved by adopting the Schools Commission recommendation (1984d,2) for the categorisation of non-government schools into twelve levels of funding. This was balanced by more rigorous criteria for qualifying for establishment grants, including the need to meet the 1983 AEC *Registration of Non-Government Schools* requirements and to be located in developing areas. A full inquiry by the Commission into funding was also promised.

Cabinet eventually accepted the Schools Commission recommendations except that it extended the target year for full Commonwealth contributions to the community standard from 1988 to 1992. This was to be guaranteed by legislative enactment, confirming funding levels for the next four years and giving stability to the non-government sector for future planning. The government sector was to be given more than the commission's recommendations, presumably to meet the ATF and ALP policy and to placate 'the sense of outrage and betrayal amongst government school teachers and parents' (Marginson 1984, 1). This was achieved by lifting the additional government school weighting factor in the community standard from 5% to 10% in recognition of government schools' obligation to provide accessible education for all in spite of geographical dispersion and diseconomies of school size. The 1985-1988 Guidelines were built on this decision. As Harrold argued (1985, 18-19), the solution to an internal schools sector problem was achieved by 'externalising it - that is by spending more money on schools, at the expense of other educational sectors and other government functions'. Further, the attempt to remove state aid from the political agenda had significant costs of making firm budgetary commitments well into the future and of granting to the schools sector a financial security denied to other educational sectors (Harrold 1985, 21). A measure of this cost is revealed by the huge increase in allocations to the school sector (see Table 7.2).

This resolution was far from the 'cost-free' reconciliation strategy promised by Hawke in 1983. Nevertheless, the successful passage of legislation to place school funding on a four-year basis did much to mollify aggrieved non-government sector interests and take the state aid issue out of the public arena. However, there remained the issues dear to the hearts of government school supporters of controlling the rate of growth of new non-government schools and of introducing greater accountability.

Table 7.2
Commonwealth Outlays on Education by Sector
 (constant 1984-85 prices)

Year	Higher education \$m	TAFE & vocational \$m	Schools & preschools \$m	Student assistance \$m	Other \$m	Total \$m
1975-76	2039	177	987	290	568	4061
1982-83	2007	293	1525	319	55	4199
1989-90	2112	237	1495	739	209	4792

Source: S Marginson (1997), *Educating Australia: government, economy and citizen since 1960*. Cambridge: Cambridge University Press, page 214.

Some other residual problems remained for the government. The cost of the settlement generated substantial anger within the cabinet (Harrold 1985, 18-19) and reduced the government's capacity in the immediate future to fund other programs, especially in the education portfolio (as revealed by the Other category in Table 7.2). Divisions in the Schools Commission, which first emerged under the Fraser government, continued under Labor, restricting the chance of consistent and acceptable policy advice. This was, in Dudley and Vidovich's (1995, 93) view, a major contributor to the Schools Commission's ultimate fate. These events revealed the limitations of the Karmel coalition and consensus in dealing with the contemporary situation. Clearly, what was needed was a change in focus from demand and inputs into education to (restricted) supply and more efficient outputs from the schooling process. This was the task of the Quality of Education Review.

7.4.3 Hawke Labor policies on new non-government schools

The 1985-88 Guidelines, issued by the Minister for Education and Youth Affairs during 1984 (1984a, 5), drew attention to the four concerns of the Schools Commission regarding new non-government schools and places. They were: (1) in established areas, the tensions between the cost of maintaining educational standards in existing schools and the cumulative impact of new non-government schools and the uncoordinated growth of new places in existing schools; (2) the relative roles of State and Commonwealth governments in coordinating new school planning and in making assessments of the impact of new schools on established schools; (3) the inconsistencies that remained in the rigour and extent of state registration requirements; and (4) the extent to which duplication of services absorbed resources which would otherwise have been used to improve the quality of educational provision.

In response the government had decided that (1) from 1985 all new schools would have to meet the Australian Education Council (1983) enrolments requirements as a condition for Commonwealth recurrent funding; (2) Commonwealth establishment grants would only be made to new schools, either systemic or non-systemic, serving developing areas and that these grants would remain at the same real level for 1985-88; (3) authorities seeking capital and/or recurrent grants for new non-government schools or major changes to existing schools in 1987 and beyond would have to give 24 months advance notice of intention and 12 months for 1986; and (4) the Schools Commission, working to ministerial guidelines, would draw up proposals for cooperative arrangements between state and non-government school authorities for notification and assessment of applications according to set priorities to enable the Commonwealth to budget for the program. All this was to be done in close consultation with the states and non-government school authorities (Minister for Education and Youth Affairs 1984a, 5-6). Unstated was the fact that most of this program had already been agreed upon by Commonwealth and state ministers of education at previous Australian Education Council meetings. It was as much in the states' interests as in the Commonwealth's that a greater measure of stability in school enrolments be achieved. In a number of respects, these guidelines anticipated many of the findings of the panel of Schools Commissioners set up in 1985 to recommend on Commonwealth policies regarding funding for new schools (see 7.6 below).

7.5 QUALITY OF EDUCATION REPORT: A NEW POLARITY

The further announcement on 14 August 1984 of the Quality of Education Review Committee (QERC) came as a surprise to many. Linked as it was to the delayed Schools Commission Guidelines for 1985-8 and the announcement of the 'historical settlement' of the 'tired old state aid rhetoric of the 1960s', by providing more money for virtually all schools and by promising long-term stability 'cemented in' by legislative guarantees for the levels of funding over the next four years (Ryan 1984b), it engendered a measure of speculation amongst educational commentators (see for example Harrold 1985). The resignation of Tannock as chairman of the Schools Commission in June 1984 added to the speculation as to what was going on behind closed doors.

Pointers to the intentions for the QERC committee were found in its composition, which excluded practising school educators and administrators and representatives of any of the interest groups, but included Professors Karmel (chairman and Vice Chancellor of the Australian National University) and McGaw (the newly appointed Australian Council of Educational Research director), Messrs. Hudson (chairman of the Commonwealth Tertiary Education Commission) and Kirby (Assistant Director-General of Employment and Training, Victoria) and Ms Williams (Deputy Secretary, Commonwealth Department of Education).

Harrold's 1985 analysis argued for the origins of the Review Committee lying in the cabinet debates leading to the framing of the 1984-85 budget which was extremely liberal in its allocation to school education compared with tertiary education (Harrold 1985, 4-5). Smart, Scott, Murphy & Dudley (1986, 66-68) point to the link between the fueling of the state aid debate, by the politically inept handling of the reductions in funding to the so-called wealthy non-government schools in Category 1, and the subsequent expensive resolution of the problem by guaranteeing funding for all non-government schools. Most analysts see this settlement to have come at the cost of increased demands for accountability since between 1974-75 and 1984-85 some \$12,800 million had been granted to schools without there being measurable community benefits or visible acknowledgement of the Commonwealth's role in school education (Harrold 1985, 5-6, 8; Swan 1994). As Harrold remarked 'Education is an activity notorious for consuming large amounts of public funds without showing significant improvement in outcomes' (Harrold 1985, 5). Keating, Dawkins and Walsh's strong advocacy in cabinet for financial accountability and for deregulation, when set against the growing problem of unemployment, dissatisfaction among employers over the literacy and numeracy of school leavers, the need for labour market reforms, and the ALP-ACTU Accord, gave a primacy to the need to evaluate educational outcomes to justify the continuation of inputs on this scale (see *Australian* 4 September 1984, 3; Smart, Scott, Murphy & Dudley 1986, 74; Marginson 1997, 127, 158).

No consultation with the states was initiated until October 1984 when the Conference of Directors-General requested information on what they would have to provide for the committee of review. The terms of reference showed a desire to establish value for money from educational spending and a desire to gear education more directly to labour market needs. They also suggested that at least some cabinet members were pursuing their own set of educational priorities (Harrold 1985, 31). There was some likelihood of conflict with state education departments over the collection of hard data on the outcomes of schooling. Measurement of outcomes implied some agreement on educational goals and it also assumed that all outcomes are measurable (Smart, Scott, Murphy & Dudley 1986, 74). This was far from being the case.

The committee appeared to find little hard evidence of any useful outcomes from ten years of Commonwealth expenditure (Report of the Review Committee [Karmel 1985], 3.2 & 3.4, 25). There had been a strong opposition to testing programs which might have yielded the desired evidence. The Australian Council for Educational Research (ACER) program Australian Studies in School Performance (ASSP) had experienced hostility from the ATF and the Victorian Federation of State School Parent Clubs (*Australian* 26 August 1980, 3). Attempts to explore ways of improving the relationship and student transitions between secondary education and post-school employment and tertiary education had also been resisted, mainly by teachers' unions.

Overall, the committee found that schools had used the increased resources to respond to the changes in the economy and society. The impression of the committee was that this had 'produced results superior to those that would otherwise have been the case' (Report of the Review Committee 14.21, 189). In other words, without Commonwealth funding educational standards would have regressed. Improvements in literacy and numeracy had been found in national sample surveys in 1975 and 1980. In cognitive performance there was no indication that students were better or worse. Teacher's qualifications had increased dramatically and community participation in schools had improved. The educational opportunities of girls and Aborigines had also improved. School retention rates had increased and school buildings had been improved (Report of the Review Committee 14.13, 26, 64 188, 190, 196).

The most important of the committee's eleven recommendations for new schools was the recommendation for negotiated agreements between the Commonwealth, the states and non-government schools, as a condition of Commonwealth funding, regarding educational targets. This placed a requirement on the recipients of funding to contract to achieve negotiated targets before funding was provided and, in the case of non-government schools and systems, to provide evidence of the attainment of outcomes of special purpose funding. (This stratagem was designed to overcome the problems of accountability related to the section 96 grants to the states. Being sovereign, the states were not accountable to the Commonwealth.) The priorities for capital funding should be the teaching of new technologies, the upgrading of existing buildings and the meeting of handicapped students' needs, rather than the establishment of new schools or the expansion of the number of non-government sector places (Report of the Review Committee 14.79, 201). The remaining recommendations dealt mainly with specific purpose programs.

Dudley and Vidovich have argued that 'QERC's function was primarily to legitimate the transfer of direct control of major Schools Commission programs to the Commonwealth Department of Education'. The evidence was found in the omission of Schools Commissioners from the inquiry. 'Its policy recommendations were consistent with both "ministerialisation" and the emerging instrumental and economically rationalist orientation of the Hawke government' (Dudley and Vidovich 1995, 95-96). Whether Dudley and Vidovich are justified in claiming that QERC's *primary* function was to legitimate Department of Education control is debatable. An equally compelling primary reason would appear to be the government's desire to be, and to be seen as, good managers of the public purse. Nevertheless, by August 1985 the Schools Commission had been reduced to a think tank and its programs were transferred to the Department of Education and Youth Affairs. In May 1987 it was further reduced in size and scope. With these changes its integrity was lost together with its capacity to act as advocate for the schools sector. On the positive side, the government's actions in response to the QERC report meant that ministers had even greater control over the allocation of Commonwealth funds which

were now tied to legislation and distributed according to a recognised community standard. Dissatisfaction could only produce change in the parliamentary process of passing the required legislation. Through these recommendations the government had been given the mechanism, not only for the more efficient and effective management of Commonwealth school funding, but also a means for insulating itself from the broad and diffuse public expressions of discontent of the Fraser era. In future, the arena for political dissent would be the parliament, not the public forum.

The government was freed by this to address the wider community dissent over the expansion of the non-government sector. The chosen method was the time-honoured mechanism of establishing a committee of inquiry to hear submissions and to bring recommendations to government.

7.6 LEGITIMISING CHANGE: THE CONNORS INQUIRY

7.6.1 The Ministerial Guidelines for the Panel

In line with the announced government intention to develop a more equitable and efficient approach to the planning and establishment of new non-government schools, Senator Ryan in August 1984 set up a panel of schools commissioners to investigate the matter and to draw up recommendations. These were to outline co-operative and coordinated arrangements at the state and territory level, involving state and non-government school authorities, for the notification and assessment of applications for new non-government schools and for the implementation of the 1983 AEC report on school registration. New procedures were to be formulated according to a negotiated set of priorities to enable the Commonwealth government to budget for the general recurrent funding of new non-government schools from 1986. Consideration was also to be given to the machinery for the implementation of any recommendations. The desire for economy was reflected in the instruction that the administrative burden of the process was to be minimised, whilst having regard to the rights of the proponents of new schools.

It was intended that the whole process of consultation and reporting was to be accomplished within three months. The panel was asked to consult closely with the states and the non-government school authorities in the process of reporting (Guidelines, Connors 1985, 29). In the event, it took the panel composed of commissioners L Connors, D Desmarchelier, J Faulkner, R Sackville and D Swan six months to report. The way the guidelines directed the inquiry unquestionably influenced the final recommendations. This is demonstrated clearly when a comparison is made between the range of possibilities for relative priorities contained in the guidelines (Connors 1985, 29) is compared with the recommended criteria of the report (Connors 1985, 23). This was not an objective independent review in view of the decisions

already negotiated at the Australian Education Council and included in the 1985-88 Guidelines (see 7.4.3 above) and the manner of conduct of, and time frame for, the review process. The review panel's task was simply to find an acceptable mode of operation for the implementation of pre-determined government policy.

7.6.2 The Panel's approach to the task

The list of groups consulted (Connors 1985, 31-32) suggests a conventional approach was used for the collection of information. In each state and territory, the public schools authority, the Catholic Education Office and the Association of Independent Schools, representing the non-systemic non-government schools, were consulted. National peak bodies representing Catholic, Lutheran, Seventh Day Adventist, Jewish and Christian Parent-Controlled and Christian Community Schools as well as the National Council of Independent Schools were all invited to make submissions. The Australian Teachers Federation, the Australian Council for State School Organisations, and the Independent Teachers Federation was also involved. This consultation process reveals a dominance by existing interests rather than an attempt to embrace a wider spectrum of opinion. It is hardly surprising that the outcome of the report was to entrench even further the limited range of provision of non-government schools. For all the Schools Commission's concern to encourage wider community participation and innovative forms of educational delivery, the only significant new providers after a decade of funding were the Greek Orthodox, the Lutherans, the Seventh Day Adventists, the Pentecostals and schools arising from the Reformed parent-controlled or Baptist community traditions. Non-government education in most instances meant education on a religious, rather than a community or non-religious, basis. A mere 1.2% of non-government school students were in non-religious schools.

7.6.3 Areas of concern

At the outset, the panel conceded that 'much of the new non-government school development which has occurred over the last decade has been characterised by cooperative planning' (Connors [1985] *Planning and Funding Policies...*, s32, p10). The report went on to highlight five main areas of concern.

The first was that of problems of co-ordination between systems. The panel found that where some non-government schools, such as systemic Catholic ones, serve identifiable communities and a predictable share of the population, effective forward planning can and does occur between state and Catholic authorities. Problems arise when delays in the establishment of new non-government schools mean that government schools have had to accommodate students temporarily, only to find that they are left with a surplus of places and facilities once the new school begins. Alternatively, other diseconomies which arise, such as the building up of neighbouring non-government schools with temporary accommodation, serve to highlight the

need not only for cooperative planning but also the securing of capital budgeting, an outcome which often lies beyond the control of planners. The main co-ordination problems facing the government, however, involved new Christian school groups who were aggressively expanding the number of small schools under their jurisdiction (Connors 1985, 11, s36). This is revealed by the growth of the Parent Controlled Christian Schools: in 1972 there were none, by 1980 there were 18 educating 2,953 students, while in 1986 there were 45 educating 8,899 students. This represented an annual growth rate in student numbers between 1980 and 1985 of 20% (CPCS, *Nurture*, 1993, 6).

The second area of concern was the question of funding without an agreed plan. Recognition was given to the difficulties under which state governments worked in the provision of educational places when non-government providers had no obligation to follow an agreed plan. Unpredictable growth had serious implications for capital funding. The principle was enunciated by the report that

arrangements should be made to ensure that any significant variations from an enrolment plan are consistent with the overall provision of educational services in an area, before funding is granted to support additional unplanned enrolments.
(Connors 1985, 11, s37)

The third issue was the impact of unplanned developments in areas of overall enrolment decline. It was asserted that unplanned development of new schools in areas of declining enrolments had caused tensions in the communities concerned. In circumstances where systems were faced with having to rationalise the existing provision, often facing community resistance in the process, to maintain the range and level of educational services, public funds were being used to create new places in the non-government sector. Out of these situations arose the competition between schools for students and, in some cases the 'condemnation of their rivals' (Connors 1985, 11, s38). This competition, although regarded as inevitable by the panel where a dual system of schooling existed, was likely to be on economic, cultural or religious grounds. The panel considered this posed 'a risk of serious community conflict'. This finding appears to overdramatise the case and it ignores the fact that independent non-government schools had been in competition for over a century with each other and the public system of each state without it resulting in serious community conflict or condemnatory behaviour. It most likely reflects the entrenched view within public education that it should be protected from the evils of competition. More recent market-driven approaches appear to have changed this way of thinking, most notably in New South Wales (see 'Agent of Change', *SMH* 5 January 1998, 12).

The prescription advanced for avoiding serious conflict of this type was to minimise it by 'proper long-term planning' (Connors [1985] *Planning and Funding Policies*, s38, p11). Herein lay the panel's solution for the long-standing problem of the state-aid debate. If Whitlam Labor's solution, albeit a temporary one, was to use the distributive policy process of allocating quantities

of money into education to satisfy all parties. Hawke Labor's solution was to create complex planning requirements and bureaucratic impediments to the unlimited expansion of the non-government sector in order to limit the calls on the Commonwealth and to protect current providers both in the government and non-government sectors from unplanned proliferation of schools. Instead of uncontrolled recommendations by an independent statutory authority, the report proposed a readily controllable and efficient administrative mechanism which with restricted funding would cap non-government school growth and re-establish political harmony on the issue of Commonwealth funding for non-government schools. On this basis, a workable measure of accord could be attained.

The fourth concern was the lack of experience or expertise of some school authorities which led to less effective discharge of planning duties and the enrolment of students without proper regard for their needs. This had led to the call for capital funding from the Commonwealth as a matter of urgency and without regard to the needs of others. The panel of commissioners argued there was the obligation to protect children and the public from such queue jumping ahead of others who acted responsibly (Connors 1985, 12, s40).

The final concern was with the need to plan for post-compulsory schooling where the panel believed that, with unplanned expansion, there would be undue fragmentation of the student population to the extent that schools would not be able to meet student needs. Of particular concern, because of their potential for disruption were senior colleges in states where these had been developed. In rural areas and in areas where TAFE colleges competed for students there were also problems (Connors 1985, 12, ss 40-44).

7.6.4 Other considerations

The panel had also received representations which questioned the decision to exclude from funding new schools in or serving students from established or declining areas. It had been argued that the underlying rationale (that such areas are already well provided for and that additional places will have a negative impact on existing schools) may not be true in all circumstances. The commissioners accepted that this should not be the sole criterion. They also recognised that there may also be proposals for new schools in areas other than declining ones which are not able to satisfy the requirements for planned provision of services (Connors 1985, 14, ss 51-52). In spite of these concessions, the question of what constituted the catchment area for a school was not addressed. Nor was consideration given to the need of smaller systems to locate schools centrally and rely on students travelling further than might be the case with systems with a wide spread of schools. Elsewhere, the inquiry had branded excessive travel as wasteful in terms of cost (Connors 1985, 10). Recognition was not given to the situation where, with the radial transport systems of some major cities, there was often no alternative but to locate schools

in established or declining areas to take advantage of other infrastructure and to ensure that the school was viable.

Other submissions enumerated the various forms of negative impact of unplanned new schools. These included reduced services and activities in existing schools; distortions in the abilities and socio-cultural mix where new schools cater for one particular ability, ethnic, cultural or socio-economic group; and cost increases and imbalances resulting from enrolment changes. The panel accepted that these concerns were legitimate but went on to argue that the difficulty and cost of measuring such complex effects would prove prohibitive and require unreasonable levels of administrative and research resources. In this it sided with the proponents of new non-government schools. Accordingly, it proposed the policy that new non-government schools be consistent with planned educational provision in an area, leaving it to the proponents of a new school to prove their case. It also stated there was a need for much closer co-operation and consultation between those proposing a new non-government school and system authorities. The focus of the panel was on the development of effective planning structures and procedures to provide a balance between the aspirations of particular groups for schools reflecting a particular philosophy and the rights of all students to the resources necessary for successful schooling (Connors 1985, 14).

The report posited two objectives for planned provision. The first was to ensure that all children have access to appropriate standards of services and facilities (based on the Community Standard concept with school communities determining the particular configuration of resources appropriate to a school). Appropriate interim standards would need to be set for the period 1985 to 1992, when the maximum would be reached. The second objective of planning was to achieve an economic use of available resources. Efficiency and rationalisation considerations were important in planning and the Schools Commission report *Commonwealth Standards for Australian Schools* (April 1984) was cited as indicating desirable curriculum range and school size (Connors 1985, 14-15, ss 55-57).

In its discussion of issues related to budgeting, the panel noted the government's wish to have a negotiated set of priorities to enable it to control budget expenditure on new schools. It noted that among school groups and authorities there was widespread acceptance of this principle. Some in the non-government sector objected to the use of the budget to exclude some eligible schools from funding or to allow the government to restrict the number of students for funding, preferring regulatory measures to enforce stricter eligibility requirements. The panel could see this leading to onerous planning requirements and expressed a preference for budgetary procedures (Connors 1985, 15, ss 58-61).

7.6.5 A predetermined outcome?

It is significant that the *States Grants (Schools Assistance) Act 1984* required that the minister had to be satisfied that a new school was not likely to have a significant adverse effect upon existing government and non-government schools in the area before Commonwealth funding was provided. The panel argued that the legislation was impossible to implement without an appropriate definition of impact. The latter required assessment of the overall provision of educational services. They considered it was beyond the capacity of an individual school to gather the information and subject it to analysis and so the intended impact of the legislation had been negated. The report argued for a more comprehensive approach to the concept of impact.

Browning (1997, 82-83) has rightly argued that, while the driving force behind this change was budgetary constraint and that the explicit rationale was to ensure a fair and equitable allocation of funds to all students, the implicit intention of the Labor government was to cap the growth of the non-government sector. In this, it was quite single-minded. The Connors inquiry can therefore be seen as the public consultative face designed to deliver the recommendations needed for the government to implement what it had already intended to do. The Schools Commission panel went further than the legislation as it developed criteria for the administration of planned educational provision and for determining priorities (Connors 1985, 21-23, ss 84-94).

In many respects the outcomes of the inquiry were constrained by the terms of reference, by the close association of the chair with the Labor Party, and by its limited consultative process. It is clear that if the outcomes were not dictated by government, they were anticipated by it in the 1984 legislation. Underlying this was the government's desire to engage in consensus building but strictly on its own terms and with predictable outcomes.

7.7 THE PANEL'S RECOMMENDATIONS AND STRATEGIES

7.7.1 Defining New Schools

The ministerial guidelines directed that consideration of new schools had to include existing schools that were undergoing structural changes such as moves to a new location or extension from primary to secondary or junior secondary to senior secondary. The panel was also made aware of anomalies whereby some schools in relocating without a change of clientele were subject to consideration as though a new school, while others undergoing amalgamation and increase in student places were exempt. Another reason for a new definition was the lack of established criteria for the determination and judgment of structural change (Connors 1985, 17, ss 62-63).

The commissioners recommended that all changes in the status and identity of schools, where a significant increase in student numbers or a substantially different clientele would result, should be regarded as being subject to the government's guidelines for new schools. These would include relocations of whole or part of the school, an extension to another educational level, an amalgamation of two or more existing schools, a single sex school becoming co-educational or vice versa, a day school establishing boarding operations or vice versa, and the reopening of a previously closed school. All proposed changes would need to be submitted for consideration by the Schools Commission. Those assessed as not involving a significant increased or different clientele would be excluded from the planning review process. Schools which had been operating without Commonwealth recurrent funding would also be able to apply for consideration as a new school. The panel cautioned against starting a school classed as ineligible for recurrent funding with the mistaken assumption that the fact that it was an operational school would later give it priority (Connors 1985, 17, ss 63-65).

7.7.2 Budgeting for New Schools

The panel's discussion of budgeting highlighted a number of problems of a technical or procedural nature. There were difficulties in linking the timing of decisions on eligibility to the government budget cycle when schools needed to know in advance what their funding entitlements might be. Another problem for government budgeting was the uneven growth of non-government school enrolments. This would be compounded by the government's intention to work with an eight-year twelve-category funding scheme. Nevertheless, the panel expressed its support for the government's objectives in seeking to put new non-government school funding on a more predictable footing.

The commissioners argued that amounts allocated for capital and recurrent funding for new non-government school places should be identified separately in the budget papers. This would allow the public to see clearly the extent of the government support for new non-government schools. It would also allow clear limits to be set on Commonwealth responsibility. The panel also recommended that allocations should be made on a state by state basis to overcome the problems experienced by those with small and/or declining numbers which might never qualify for new schools (Connors 1985, 18, ss 66-69).

7.7.3 Eligibility for Commonwealth Funds

Initial eligibility determination should reside in the Commonwealth minister on the advice of the Schools Commission (Connors 1985, 19, s78). The panel proposed a set of criteria: (i) twenty-four months advance warning of intention to commence (twelve months for 1986), with the exception that in certain cases of relocation and character change of an existing school, a lesser period might suffice; (ii) that initial indication of acceptance by the relevant state authority

be required, with formal recognition being a prerequisite to the payment of Commonwealth funds; (iii) that financial viability of new schools continue to be a requirement with the allowance that non-government system authorities may underwrite the financial viability of a proposed new systemic school; (iv) new schools should meet minimum enrolment guidelines set out in the Australian Education Council report on *The Registration of Non-Government Schools*; (v) that, in accordance with the requirements of *The States Grants (Schools Assistance) Act 1984*, adequate consultation with the appropriate education authorities in each state (defined as the state Director-General of Education, the Chairman of the state Catholic Education Commission and the Director of the State Association of Independent Schools) be required (Connors 1985, 18-19, ss 70-77). To facilitate public participation in the consultation process (previously advocated in the Schools Commission's 1984 publication *Funding Policies for Australian Schools*), the panel recommended that the government release information on proposed new non-government schools, which have met the requirement of advanced notification, for public discussion prior to the determination of their relative priorities (Connors 1985, 20, ss 79-80).

In these recommendations, although regard is shown for the constitutional role of the state governments in the registration of new schools, there is a discernible shift of responsibility away from the states towards the Commonwealth to achieve more centralised control over the growth of the non-government sector. This satisfied not only the Commonwealth government's concerns to limit the budgetary outlays on education and to use education as an agent for social change and economic growth, it also satisfied the claims of the government systems and established non-government schools that the previous uncoordinated expansion of new non-government schools should not be allowed to go on unchecked, duplicating services and wasting resources. For both sectors, it was a means to limit the amount of competition from new Christian schools. For the wider community, this meant a diminution of political discord because it served the interests of all major providers and effectively reversed the unregulated expansion of the non-government sector permitted by the Fraser government.

7.7.4 Planned Educational Provision

The panel judged that any categorisation of proposed new schools should be based primarily on judgments about the consistency of these schools with overall planned provision of educational services in a particular location. The factors which needed to be taken into account were: (i) the maintenance of educational programs and services in existing school; (ii) the planned development of government and non-government schooling in growing areas to reflect the overall balance of school enrolments in government and non-government schools; (iii) the provision of services at an economic level; and (iv) exploration of possibilities for the planned rationalisation of facilities and services both within and between sectors. With respect to the second factor, the panel recognised that it was not feasible to determine centrally the balance that

should pertain in particular areas. These decisions should be made with the participation of the appropriate state and regional authorities within policy guidelines of state governments. The panel also recommended that funding should be subject to a school's enrolment and operations being generally consistent with the plan provided by the school at the time of the assessment of its eligibility and priority (Connors 1985, 20-21, ss 81-86).

These recommendations strengthened the power of veto by state governments and existing non-government schools or other community groups in the consultative process prior to prioritisation of new school applications. In effect, they served to secure the status quo ahead of new developments. They also consolidated the trend towards sublimation of political discord by requiring regional representative participation in decision making.

7.7.5 Determining Priorities for New Non-Government Schools

Priorities were to be established on the basis of at least three years' enrolment data and two years' projected enrolments for the classification of areas as growing, stable or declining. Preference would be given to developing areas where the annual increases in government schools enrolment rate was 2% or more per annum. Declining areas with enrolment decreases of 2% or more per annum had the lowest priority. Between these were areas classed as stable, although it was recognised that within a stable area there could be schools that were growing or declining. The panel recognised that, in each case, it would be necessary to define the catchment area. In established areas, it was recognised that schools drew their enrolments from a wider sphere, depending on socio-economic, geographical and transport factors (Connors 1985, 21-22, ss 88-89). No thought was given to whether the 2% benchmark should be revised in line with population trends, that is, there was no inbuilt compensatory mechanism to meet declining national population growth rates.

The second yardstick was the stage of schooling. Priority would be awarded to schools which were making provision for students to complete senior secondary education where such provision was not disruptive to the existing provision at that level. The third factor which would gain priority would be the provision of educational services for those who suffered educational disadvantage. Disadvantage was classed as including Aboriginal communities, students with non-English speaking backgrounds, students with intellectual and physical disabilities and students with emotional or psychological problems. The panel considered that special financial arrangements should be made by agreement between funding agencies and providers so that sharing and planning could take place (Connors 1985, 22, ss 90-91).

The panel recommended that priorities for the determination of financial assistance for new non-government schools be established on a set of recommended criteria for establishing level of priority from highest to lowest (see Appendix 9, A 9.1). By setting uniform public criteria

for use nationally, the report sought to provide the stability needed for the sector, including protection for those already providing schools, and clear guidance for any intending promoters of schools. This, probably more than any other recommendation, did much to satisfy most sections of the community, thereby providing an effective mechanism for the depoliticising of Commonwealth funding for non-government schools.

7.7.6 Administrative Arrangements

Other important recommendations included those which provided for changes to the administrative arrangements, planning structures, appeals procedures and state registration of new non-government schools. The new procedures systematised notification arrangements and provided a brake on the proponents of new non-government schools who, in the absence of Commonwealth funding, had launched new schools with state recurrent funding and in the hope of future Commonwealth aid.

Proposed new schools were to be advised of their provisional approval for Commonwealth assistance twelve months prior to the first general recurrent payment, subject to the schools demonstrating that their actual operation was consistent with the plan put forward at the time of their application and that they continue to meet the initial eligibility requirements. Furthermore, proposed new schools which applied for Commonwealth funding and subsequently withdrew or deferred their application, or which were unable to proceed, would be subject to the full requirements of the policy, including twenty-four months advance notification, should that application be renewed, unless the withdrawal or deferral was based on planning considerations (Connors 1985, 24, ss 97-100). It was also recommended that the administrative arrangements for the Commonwealth's General Recurrent and Capital Programs for new non-government schools be coordinated (see Appendix 9, A 9.2).

These recommendations had, among other things, the effect of making government support for new non-government schools more visible than had previously been the case. The last recommendation also gave the government the opportunity to limit rather severely the amount of capital assistance to new non-government schools. Both recommendations were designed to meet some of the demands from government school supporters that funding to the non-government sector be capped and that it be publicly recognisable at the point of application.

The vexed question of constitutional responsibilities was addressed by the requirement that the Commonwealth and states and territories should engage in discussions with a view to the establishment of joint planning and coordinating bodies at the state level with procedures and structures that reflected the needs of the particular state. Membership of these bodies should be a nominee of the Commonwealth Minister for Education, nominees of the state education department and other authorities as determined by the Commonwealth minister after

consultation with the state minister and non-government school authorities. The responsibilities of the planning committee of each state and territory were to include coordination of long-term planning, information exchange regarding the development of new government and non-government schools, advice to the Commonwealth minister on priorities for new non-government schools according to the proposed guidelines, monitoring and advising on the continuing eligibility and enrolment plan of previously-approved new non-government schools; and advice on the Commonwealth capital program. Temporary committees should be established in the meantime to consult, to advise on priorities and the capital program and to monitor continuing eligibility and the enrolment plans of new non-government schools (Connors 1985, 26-27, ss 109, 111).

These recommendations strengthened the position of the Commonwealth in the decision-making process, particularly in the earlier stages where previously it had not had such a clearly-defined function. To allay state fears of Commonwealth domination, states were given a proportionally greater representation on the joint planning bodies. Nevertheless, Commonwealth domination was assured by the power of the purse.

Finally, it was recommended that appropriate appeals mechanisms should be developed to allow proponents of new schools the right to appeal against decisions concerning the proposed school's eligibility or priority for funding (Connors 1985, s.114, p27). Special transition arrangements were developed for 1986 and it was recommended that the Commonwealth and states should consult on comprehensive and consistent state registration procedures to coordinate the registration of non-government schools. The intended effect of the latter was to close the loopholes caused by inconsistencies between state and Commonwealth policies on advance notification and funding. It was also designed to overcome any difficulties over the Commonwealth's decision to impose minimum enrolment requirements (Connors 1985, 27-28, ss 115, 122 & 125).

These recommendations represented far-reaching modifications to existing funding policies. Their particular importance lay in the way in which they made funding more subject to combined Commonwealth, state and non-government school authority control and the actual allocation of funds more open to public scrutiny. The administrative procedures imposed a greater degree of planning and accountability on the proponents of new non-government schools and the administrators of those schools, once they had commenced operations. They were in fact designed to provide an administrative solution to the political discord over continued Commonwealth funding for non-government schools and to impose a new form of regulatory and redistributive funding on the schools sector. By involving all major stakeholders in consultations, it was anticipated that community dissent could be avoided and the Hawke

government's form of political accord could be achieved. Efficiency and accountability would also be met at the same time.

7.8 SOME IMPLICATIONS OF THE REPORT'S ADOPTION

It is not surprising therefore that Senator Grimes, speaking in support of the Minister, told the Senate that 'The Government has accepted all of the recommendations of the [Connors] panel, and is confident that the implementation of these recommendations will lead to a more equitable and efficient approach to the planning and establishment of new non-government schools, to the benefit of all Australian children ...' (Senate, 21 March 1985, 531). The senator did not choose to elaborate on what he meant by the term 'equitable', but it was carefully nuanced to appeal to traditional Labor supporters. This was reinforced by Senator Ryan herself who stated that it was 'the intention of our Government to ensure that Commonwealth funds were distributed equitably between government and non-government sectors and that within the non-government sector we would reintroduce a principle of equity in the allocation of funds' (Senate, 21 March 1985, 891). She did not explain how, in a pluralist society, the allocation of priority funding to those who already had a significant enrolment share and the denial of priority to those who had not was an example of the principle of equity, a point made by Liberal Senator Peter Baume (Senate, 21 March 1985, 534).

The Australian Parents Council (*APC Review* 1985 [1], 11) was quick to point out that the Terms of Reference did not invite submissions from new government schools. Furthermore, the composition of the panel (three from the government school sector, two from the Catholic sector and one from the Jewish schools) showed that the intention was clearly to preserve the interests of existing major stakeholders. Therefore, it was relatively easy to establish to the panel's satisfaction a case for the detrimental impact of uncoordinated planning on existing school enrolments, particularly when many of the new entrants undercut the fee structure of existing non-government schools. Browning (1997, 79) cites Lyndsay Connors' remark about the 'great concern' within the Victorian independent sector about the viability of existing schools being undermined by the competition from new non-government schools. Among the negative effects noted were: reduced services and cuts in curriculum and extra-curricular activities; distortion in the ability levels and socio-cultural mix in existing schools because of new schools catering for specific abilities, religious or ethnic groups; and the opportunity cost of educational improvements foregone (Connors 1985, 14, s53). Needless to say, some of these effects would be notoriously difficult to quantify had the panel asked the authority making the submission to do so. Furthermore, it was one of the untested and arguable assumptions of the panel that, given the government's acceptance of the dual system of funding (Schools Commission 1984c, 1), cooperative planning would promote social harmony and efficient use of resources, while

competition, which was likely to be based on economic, cultural or religious differences, could ultimately create the risk of serious community conflict (Connors, 11, s38).

The definition of growth areas as sustaining a population increase of greater than 2% per annum also worked to preserve the interests of the existing stakeholders who managed school systems. The requirement of 24 months of advance notice, while facilitating the Commonwealth budgetary process, placed a much greater demand on non-systemic promoters of new schools than on their systemic peers. It was also a costly requirement for any community group with limited resources.

Lingard (1993, 24) has described the new relationship between the Commonwealth, the states and the private providers of education as 'corporate federalism'. In this case, policies which had been negotiated at the Australian Education Council were given legitimacy and administrative substance by a process of limited community consultation.

Here was a clear example of the carefully stage-managed Hawke reconciliation process at work. From it emerged a funding policy which attacked the wasteful duplication caused by the unrestricted expansion of the non-government sector, which promised community consensus by defusing dissent over enrolment transfers, and which, through the community standard measure, reinstated need as the basis for funding. At the same time it regulated future claims on the public purse. By empowering state and territory planning committees, it also attempted to address the question of resource inequalities as a distributional outcome.

How well these policy mechanisms achieved these goals, particularly the results of the 1995 McKinnon Review, is the subject of the next chapter.