Chapter 8

LABOR'S STRUCTURAL REFORMS AND THEIR ADMINISTRATION 1987-1996

8.1 INTRODUCTION

Between Labor's coming to office in March 1983 and the start of the 1987 school year, non-government school enrolments had continued their upward climb from 24.6% to 26.9% of the total school enrolments (Dept. of Education and Youth Affairs & DEET, 1984-1988). Clearly, initial attempts by the Hawke government at restraining the sector had been less than successful and a more rigorous approach was demanded if the government was to meet its objectives. The Connors report gave the Hawke Labor government the much-needed administrative mechanism for limiting the growth of the non-government sector.

The school funding problem, however, was only one of a number of difficulties facing the government. Slow economic growth (compared to Australia's regional neighbours, the Asian 'tigers'), high inflation, high unemployment and a run on the Australian dollar following Treasurer Keating's 'banana republic' reference in 1986, had all posed serious problems. Education was seen as one of the major keys to their solution through its capacity to develop a more skilled workforce.

Although significant schools programs had been implemented to meet young people's needs, to provide greater equality of opportunity, and to eliminate disadvantage and discrimination (CPD H of R, 21 April 1983), these were not proving sufficiently effective. Community unrest rose and fell as the media reported economic indicators which revealed that the government's management of the economy was less successful than Labor had promised and that youth unemployment had reached levels not seen since the 1930s.

After being returned to government at the mid-year election in 1987, Prime Minister Hawke set about resolving some of these shortcomings by reshuffling his front bench. Most notable was the appointment of John Dawkins to the newly created mega-department of Employment, Education and Training (DEET). With him came the economic rationalist thinking of Treasury which he had come to accept as Trade Minister and a new corporate managerialist mode of public sector administration (Knight, Lingard & Porter 1993, 11). Among the changes

he was to bring about was the imposition of greater ministerial control over the shape and direction of school and post-school education in order to improve Australia's productivity and to reduce the unacceptably high level of youth unemployment.

The implications for the school sector were manifold. Increased retention rates became a plank in the government's labour market policies. This was to affect both the government and Catholic sectors, which had lower holding power than the non-Catholic non-government schools. An emphasis on vocational training, on curriculum restructuring and a drive for outcomes-based education affected what would be taught in all schools. The establishment of the community standard as the basis for funding together with the legislated guarantee of funding ahead of each quadrennium had already begun to impact non-government schools. Rationalisation and internal restructuring had begun with the closure of some one hundred schools (DEET 1987a, 1987d, 1988c). An immediate task for the new department was to take over many of the administrative functions of the Schools Commission as the latter's role was reduced to that of an advisory body. One of DEET's new responsibilities was the full implementation and management of the process of school funding recommended by the Connors committee's New Schools Policy (NSP).

This chapter begins by briefly charting the implications of Labor's changed approach. This is followed by an examination of the impact of the government's policy reforms on the administration of non-government funding. Next, the reasons for and nature of subsequent modifications to the New Schools Policy are addressed before their impact on non-government school enrolments and the sectoral balance between 1987 and 1996 is assessed. An exploration is made of the reactions of interest groups to see if the Hawke and Keating ALP governments were successful in achieving and maintaining a workable measure of accord over its school funding policies. The chapter concludes by looking at the reasons for the government's setting up of the McKinnon review of school funding policies.

8.2 LABOR'S CHANGED APPROACH AFTER 1987

Between 1983 and 1987, the Hawke government had continued to work within a traditional social-democratic Labor philosophy as it strove to inaugurate a new consensus through the Accord process. After 1987 it moved away from this and from the liberal-progressivism of its Fraser predecessor. The desertion of the foundational philosophy which had guided Labor since Federation was explained away as being no longer adequate for the circumstances facing Australia. Globalisation required deregulation, microeconomic reform and market solutions to

the problems facing the nation. Finance Minister Peter Walsh went so far as to claim that 'market forces will generally produce better outcomes, or more efficient allocation of resources, than government intervention' (*Australian Left Review*, 138, April 1992, 36). The government was not to be persuaded of the merits of this course of action in school funding policy.

These right wing members of the ALP had been persuaded by Milton Friedman and the 'Chicago school' that welfare state objectives are best achieved through the use of the market. They accepted that short term Keynesian remedies of the type used by the Whitlam government to produce equality of outcomes were not possible without the means to achieve it. They also accepted that the role of government, apart from the protection of individuals and the administration of justice, was the provision of public goods and the settling of neighbourhood effects in order to free the market (Ashford 1993, 19-24). Education clearly fell into the category of a public good. How much should government use public subsidies to foster education? The answer to this was provided by another line of New Right thinking generated by Friedrich Hayek and the Austrian school which advocated the complete ending of inflation with the release of resources to more productive areas. Government should avoid state monopoly and only use subsidies as a means of stimulating the market to provide services (Ashford 1993, 19-31). This put free marketeers in the government, like Keating and Walsh, on a different path to those who advocated restriction of the private sector in favour of government provision of schooling.

The deregulators countered the regulators' arguments by drawing on a third strand of New Right thinking. James Buchanan and the Public Choice School held that political actors are 'utility maximisers', seeking their own self-interest rather than the public good. This leads to larger government serving the interests of politicians, bureaucrats and interest groups which voters come to accept in the 'fiscal illusion' that the benefits can be achieved without cost to themselves (Ashford 1993, 31-33). This school of thought advocated strategies of constitutional reform, balanced budgets, reduction in the power of interest groups, introducing competition into bureaucracies, and the principle of subsidiarity, the decentralising of power to the lowest level of government. These remedies did not sit well with the bulk of Labor politicians and their supporters. The period under review (1987-1996) revealed something of a power struggle within the Labor movement to implement these radical prescriptions in the face of traditional opposition (Kelly 1992). In the case of school funding, only some functions were decentralised to state planning committees, while control of funding was centralised even further. The legislated guarantee of funding effectively reduced the power of interest groups to seek more benefits, even if it did not reduce their dissatisfaction. A limited measure of competition was

introduced into the bureaucracy by seeking separate advice from Treasury and the Schools Commission and its successor after October 1987, the Schools Council of National Board of Employment, Education and Training, as well as from DEET itself.

The New Right agenda had six main thrusts: constitutional reform; the reduction of inflation; tax reduction; privatisation; deregulation; and public sector markets (that is contestability in areas of public provision which cannot be privatised [for a fuller treatment of this concept, see the discussion of the Howard government's National Commission of Audit at 9.2.1, below]). These ideas have dominated Western English-speaking countries since the 1980s (Birch & Smart 1989; Raab 1993; Marginson 1993; Lawton 1994). The reforms to the Commonwealth public administration in 1987 were clearly in line with this thinking. By combining employment and training with education and, in 1995, youth affairs, the Australian government was seeking to redress the failures of post-war education to generate economic growth which in turn would result in increased employment. This instrumentalist view blamed progressive methods in primary schools and the non-competitive nature of comprehensive high schools for the unsatisfactory level of youth unemployment. Also, the low retention rates in post-compulsory years of schooling were seen to be due to 'producer capture' of schooling by militant teachers (Raab 1993, 231). While the limitation of the non-government school sector was important for the reduction in the level of community political dissent, it was not necessarily in the best interests of the overall reforms Labor was trying to achieve, the more so because schooling was a state matter and state governments were much less likely to confront militant teachers' unions to redress these endemic problems (Caldwell and Hayward 1998, Chapters 2 & 3).

Consequently, the focus was turned from the provision of schooling to its outcomes. In both Britain and America calls had been made for national governments to intervene to lift educational standards (of literacy, numeracy and graduation rates). In Australia, some state governments had already begun to respond to community demands by overhauling curriculum and reforming administration (Birch & Smart 1989, 144-146). The federal government's commissioning of the QERC Review may be seen in the same light. Further developments were to include a series of national inquiries, most notably by the Finn, Carmichael and Mayer committees and national collaboration on curriculum, which were to result in the 1989 Commonwealth initiated Hobart Declaration of Common and Agreed National Goals for Schooling in Australia (see Appendix 10). These National Goals, which transcended the public-private divide in Australian schools, sought to provide an excellent education fitted to the needs of all young Australians by emphasising equality of educational opportunity, the development of

skills, and the provision of a foundation for further education and training. It coincided with education minister Dawkins' chairing of the OECD education committee. Knight, Lingard and Porter (1993, 6-7) have seen these trends as the product of the collapse of values consensus in Australian society, the related proliferation of pluralities, the narrowing and focusing of goals at the centre, and the perception of schooling as an 'industry' in need of economic reform where students are a value-added product and the means by which the economy can be improved. In this lies a departure from the technocratic and Fabian notion of education in the public interest towards alternative views of the national interest and the private good (Dale 1989).

Policy analysts have highlighted a number of inconsistencies in Hawke-Keating Labor policy. Birch & Smart (1989, 137) instance the mismatch between the push for increased privatisation and deregulation to increase Australia's international competitiveness, and the mechanisms for achieving this, which have been intrusive and centralised rather than market-based as thoroughgoing New Right theorists would prescribe. It can be argued that the ALP school funding policy showed similar marked inconsistencies. Market solutions were rejected in favour of a high degree of regulation under the New Schools Policy in order to restrict the growth of the non-government sector and the Commonwealth's funding commitment. Competitive advantage was to be facilitated by curriculum reform for the strengthening of public education (Birch & Smart 1989, 143). The Commonwealth-inspired national curriculum had the characteristics of Dale's (1983) 'industrial trainer' which violated the traditional teachers' preserve of curriculum expertise and had the potential for stirring community unrest. This bundle of contradictory measures probably illustrates Labor's difficulties in meeting the often conflicting demands both of its supporters and the wider electorate. It also epitomises the difficulties a reformist federal government faced in gaining the agreement of the state and territory governments for changes to education. The result appears to reflect a greater concern for maintaining a strong state than for implementing a pure philosophy of free market reforms (although Chitty [1989] sees no incompatibility between a centralised national curriculum and market principles in education).

The ALP approach in Australia differed from the Conservative and Republican reforms in England and the United States in the unashamed expansion of the Commonwealth administration (DEET staff had grown to over 10,000 by 1989 [Birch & Smart 1989, 139]) as the complexity of the administration increased. To a large extent this increased complexity was a product of Labor's policies, of which the New Schools Policy was but one example.

It would be wrong to think that all ALP members subscribed to the economic rationalist agenda of Hawke, Keating, Walsh and Dawkins. Just as there were traditionalists and modernisers in the parties of the right, so there were traditionalists, who believed in many of the social-democratic verities, as well as modernisers in Labor ranks.

Lingard (1993, 24-33) offers a cogent explanation of why the Hawke government was able to impose a corporate managerialist form of federalism on Australian politics between 1987 and 1993. Drawing upon Offe's (1984) theory of the state, Lingard shows that the government exercises a mediating role in policy making where it seeks to balance two, usually competing sets of demands, accumulation and legitimation. To maintain the continued support of its citizens, the state must provide decommodified social and welfare services derived from the surplus of material prosperity produced by the private sector. Lingard (1993, 26) argues that in times of well-being, conjunctural policies (see Table 8.1) are used by government to respond to political demands, by simply spending more and expanding policy coverage in incremental fashion. Conjunctural (or demand-side) policies characterised the Whitlam approach to school funding until July 1975. Following the economic crisis of that year, first the Fraser and then the Hawke and Keating governments were forced to turn to supply-side structural policies. Constraints on funds forced the Commonwealth to manage policy demand within the limited funding ceiling.

The New Schools Policy was a policy instrument designed to achieve this as much as it was constructed to limit the growth of the non-government sector. Cost limitation, productivity, efficiency and effectiveness were expected to accompany this. The Hawke neo-corporatist efficient state strategy was an outcome of structural policies. The QERC (Karmel 1985) inquiry was commissioned to evaluate policy outcomes. The change of emphasis is best illustrated by the replacement of the Whitlam aim of greater social justice with the Hawke aim of incorporating education within micro-economic reform goals, where education is a micro-economic reform tool.

In practice the Hawke reforms led to an emphasis on school systems and on sophisticated coalitions and methods of interest representation (Lingard 1993, 29). Community consensus and support was gained by allowing the most powerful interests a restricted say in policy directions. This has already been demonstrated in the case of the Connors inquiry which led to the New Schools Policy. There state, Catholic and major non-Catholic private school interests were safeguarded at the expense of new and non-systemic non-government schools. This inequality was intensified under the Dawkins administration, thereby increasing non-government sector

dissatisfaction with Commonwealth non-government school funding policies and their administration.

Table 8.1

Offe's Two Types of State Policy and the Restructuring of Federalism

	Conjunctural policy	*Structural Policy*
Political strategy	Satisfy demands	Shape and channel demands to make them satisfiable (New Right and corporatist alternatives)
Economic strategy	Manage input order priorities (demand-side economics) Policy focus: protected national economy	Manage output, keep supply constant (supply-side economics) Policy focus: unprotected integration into international economy
Systems effects	Policy 'joins on' existing system	Policy 'restructures' existing system
Societal effects	Increased state intervention	Increased politicisation
State effects	'Compassionate' welfare state (towards universal welfare provision)	'Efficient' competitive state (residualising welfare provision)
Political effects	Population as citizens	Population as consumers
Federalism effects	Centripetal pressures, 'coercive federalism': Commonwealth policies	Centrifugal pressures, 'corporate federalism': national policies

Source: B Lingard (1993), 'Corporate Federalism: The Emerging Approach to Policy-making' in B Lingard, J Knight & P Porter (eds), *Schooling Reform in Hard Times*. London: Falmer Press, page 28.

8.3 IMPACT OF REFORMS ON NON-GOVERNMENT SCHOOL FUNDING

The New Schools Policy was designed to arrest the redistributive policies of the Fraser era. The legislated quadrennial funding was designed to limit claims on the public purse in a more acceptable manner than the restrictive Fraser guidelines had managed in the past. The societal effect of the introduction of structural policies is to increase politicisation of funding (see Table 8.1). To overcome this, the Hawke government introduced a number of changes within

government and public administration to achieve greater efficiencies and to minimise political dissent.

The first apparent changes were system restructures. In August 1985, Senator Ryan announced that responsibility for the administration of the recurrent and capital grants programs (which accounted for 85% of Commonwealth funds to school education) were to be transferred from the Schools Commission to the Commonwealth Department of Education. This was accomplished during 1986. In July 1987 John Dawkins replaced Susan Ryan as Minister. Whereas both Ryan and her head of department had Master of Arts degrees, Dawkins and his permanent head had economic qualifications. Pusey (1991, 147) points to the ideological shift embedded in this change. Economic rationalism had become the driving force in educational policy and corporate managerialism the dominant ethos in funding administration. Ryan's gender equity policy emphasis was no longer a primary concern. The next phase of system restructure came with the amalgamation and restructuring of the Department of Employment, Education and Training, the dissolution of the Commonwealth Schools Commission and the Commonwealth Tertiary Education Commission (Connell 1993, 278-279). In place of the Commissions, a National Board of Employment, Education and Training was created in October 1987. Four advisory councils were to report to the Board, of which the Schools Council was one. No longer was there a statutory body with a degree of independence of government with powers to initiate inquiries and to submit reports (Dawkins 1987b). Furthermore, educationists were in the minority and special interest groups were bypassed in forming the new Board and its councils Most members were bureaucrats, many with economic qualifications. This continued to be the pattern even after the minor changes recommended by the Wiltshire Report (DEET 1994). This reduced the ability of educators, particularly the teachers' unions, to set the policy agenda (Birch & Smart 1989, 139). Program administration was a routine function of DEET and policy initiation lay securely with the cabinet. The impact of this for school funding will be considered shortly.

The other mechanism used by the Hawke government to limit calls on the public purse, increase accountability and defuse dissent was the complexity of administrative compliance requirements imposed on the non-government school sector. These were implemented in 1985 as a response to the Connors Report. They included the introduction of the Education Resources Index (ERI) to assess non-government school needs; the introduction of twelve categories of funding for non-government schools; the introduction of the Community Standard as a resource target or benchmark for all schools; the introduction of the Schools Price Index for

supplementation of Commonwealth general recurrent funding (the last two were replaced by the Average Government Schools Costs in 1993); and the development of Assessment Standards derived from the Community Standard for ERI purposes.

The income-measuring ERI replaced the expenditure-driven Schools Recurrent Resource Index (which had been in operation since 1974). The ERI determined need on the basis of the Commonwealth's annual Financial Questionnaire to be answered by non-government schools. The ERI was calculated by adding total private cash income (fees, other operating income, capital contributions, contributions to loan repayments, other capital income including loans) and contributed services and from this deducting allowances for boarding costs (recurrent and capital) and day-school capital-related costs. This was divided by the Assessment Standard (see below) and multiplied by a size weighting to give the ERI. The ERI helped determine, along with the Maintenance of Effort (MOE) and Private Income (PI) requirements, in which of the twelve funding categories a school would be placed. Quite clearly there were extensive reporting and accountability implications in having to complete the Financial Questionnaire. The type of reporting required did not necessarily correspond to that required of schools for audit and other constitutional reasons.

The Community Standard was a set of educational resource standards relating to the provision of schooling: class size, staffing, equipment, books, and some special needs. The base standard was established for 1984 and then adjusted annually in line with movements in the Schools Price Index. It was used as the basis for specific funding policies and mechanisms, for negotiations between Commonwealth and state and territory governments, a basis for the development of appropriate accountability procedures and a means for schools to determine resource allocations.

The Schools Price Index was a measure of cost movements for a basket of school-specific goods and services. Teachers' salaries accounted for around two-thirds of the SPI. It was calculated annually until 1988 and then in line with Australian Bureau of Statistics' Schools Price Deflator. In 1993 it was replaced by the Average Government School Recurrent Costs (AGSRC). The AGSRC is a measure of the average recurrent cost of educating a child in a government school. It was a simpler and more realistic benchmark than the somewhat artificial Community Standard.

The 1997 Commonwealth Review of the Education Resource Index (DEETYA 1997a) identified significant problems with the ERI as a measure of resource inputs. It noted that 'There is a widespread view that the ERI fails as a measure of need when it is clear that schools drawing

from the same catchment area can generate vastly different ERI ratings and attract different funding levels' (DEETYA 1997a, 25). Much of the dissatisfaction centred on the complexity of the mechanism which arose from the changes made over time which tended to distort it and make it unworkable. Others questioned whether a funding measure based on expenditure policy decisions at school level can ever be an equitable way of determining need. It was seen to discourage schools from maximising private effort and to lock them into funding categories which rendered them unresponsive to market price signals. It was also seen to lack recognition of the particular needs of isolated and rural schools. A KPMG evaluation ruled that the ERI failed as an effective indicator of need (DEETYA 1997a, 26-27). As a group, these mechanisms were regarded by non-government school governors and administrators as a tiresome and wasteful imposition on the accountants employed by non-government schools and systems. However, compliance was a necessity if a school or system wished to continue to receive Commonwealth funding.

The societal effects (to use the Offe-Lingard model's terminology) of these structural policies were that the non-government school sector chafed under what they regarded as restrictive and unnecessary compliance requirements. The most highly resourced schools sought a way to cut themselves loose from Commonwealth funding. It is difficult to judge how determined they were in the context of inflation and price rises which pushed independence of government subsidy out of their reach. 'Grudging compliance' best summarises the attitude in the sector. What the Hawke government's reforms of non-government school funding failed to do, however, was to reduce the irritation and dissatisfaction with what were regarded as onerous reporting and accountability mechanisms (see *Choice in Schooling*, July 1986, October 1993, September 1994). The perceived inequities in categorisation were the chief source of discontent, as the demand for review shows (see below). Another sore point was the lack of annual real increases in grant levels for schools in categories 1, 2 and 4. There was a growing call for an evaluation and revision of funding administration after 1993 which led to the commissioning of the McKinnon Review in 1995.

As might be expected, there was greater satisfaction from the government sector as a result of the implementation of the New Schools Policy. Many of those who feared residualisation of the government sector were mollified by the operational outcomes of the New Schools Policy and associated administrative mechanisms. Only the hard-line supporters of the ATF-DOGS anti-aid position continued to voice disapproval of the continuation of any form of Commonwealth funding.

Rather than the increased politicisation predicted by the Offe-Lingard model, the Hawke government had, at least in the period from 1986 to 1993, skilfully managed the potential conflict. It came at a relatively high cost. By guaranteeing Commonwealth funding for both government and non-government schools and by accepting a less competitive schooling system through the raising the administrative hurdles to be overcome by those private providers wishing to expand (especially over what was seen as the 'bogus definition' of new school to include changes in existing schools [*Choice in Schooling*, March 1986, 2]), the government bought a measure of consent and compliance. The cost to the non-government school sector was greater accountability for their use of resources than ever before and greater costs associated with fulfilling the administrative requirements.

8.4 POLICY MODIFICATIONS AND REVIEWS OF FUNDING CATEGORIES

8.4.1 Policy modifications

The May 1988 Economic Statement introduced a series of changes to the operation of Commonwealth funding policies. The review of the ERI, previously promised by the government, would not proceed. All schools would therefore retain their present funding categories for the 1989-1992 quadrennial funding period. As a concession, schools would be allowed to increase their private income by 3% without any penalty. Resource Agreements would be negotiated with school systems (DEET 1989a; DEET 1995a, 11). The underlying reasons for these changes appear to be that the proportion of children enrolled in non-government schools had continued to rise after the implementation of the New Schools Policy (from 25.8% in 1985 to 27.3% in 1988 [DEET 1995a, 10]) and the promised review of the ERI was expected to favour non-government schools and therefore lead to an even greater proportion of students in the private sector. It was not until 1990 that a stable sectoral balance was finally achieved (see Table 8.11, below).

Some changes were to be made to the New Schools Policy. The minimum size requirements were changed to 50 for primary schools, 25 per grade in junior secondary and 20 per grade in the post-compulsory years. Establishment Grants were to be abolished as was the legislative requirement that the proposed school should be able to demonstrate that it had a reasonable financial viability. Probably the most far-reaching change was the limitation of new non-systemic schools to Category 1-6. Systemic schools would receive funding at the system level (Categories 9 or 10). These changes were included in the *Administrative Guidelines for 1989*

(DEET 1989a, 14, 116). Stringent requirements remained in place for schools intending to change their operations (DEET 1989a, 16).

In May 1988 Education Minister Dawkins issued his *Strengthening Australia's Schools: A Consideration of the Focus and Content of Schooling* (Dawkins 1988b). As already mentioned, this document represents the most advanced expression of economic rationalism and corporate managerialism by a government education minister to that time. It began by affirming the crucial role of the public school in the intellectual and social development of Australia's children, but soon proceeded to affirm that 'schools play a critical and central role in the nature of our society and economy' (Dawkins 1988b, 1). The government's task was presented as one of integrating education and training with the economy which would require cooperation between the states and Commonwealth to strengthen the capacity of schools to meet the challenges they face (Dawkins 1988b, 3). The document spoke of a national effort to prepare young people for personal fulfilment and community contribution, to take their place in a skilled and adaptable workforce, and to assist schools in overcoming disadvantage and achieving fairness. To achieve these goals a common curriculum framework, a common approach to assessment, an improvement in the training of teachers, and an increase in the number of students completing schooling were proposed. Equity and maximising Australia's investment in education (by national coordination; joint undertakings; removing unnecessary differences; an integrated system of schooling and training; stronger links between schools, the community, the labour market and other educational agencies) were proposed. The non-government school sector were invited to participate in a national consultation to develop agreed objectives and priorities (Dawkins 1988b, 3-7). In this statement Dawkins was attempting to redress the centrifugal federalism effects (see Table 8.1) of the structural policies the Hawke government had introduced to cap demands on government for school funding. Another motive for the statement was the desire to make Australian schooling more internationally competitive (as a step towards making the labour force more responsive to globalisation), by raising the standard to OECD best practice levels. These measures were designed to complement the state effects of school funding policy (identified by the Lingard-Offe model), namely a more efficient competitive state and a reduced call on government for welfare, especially by the unemployed. The changes were generally welcomed by business, the unions and state school interests. On the other hand, the whole trend towards a more vocational focus in education was resisted by non-government schools with their traditional liberal-humanist focus.

This document is illustrative of the thinking of John Dawkins personally and of the government more generally. Systems building became the government's objective in 1988 and 1989. The most notable example was the unified national system introduced by Dawkins into higher education. In schooling, it was to be manifested in the drive towards encouraging those who wished to obtain the greatest benefits from government into school systems. Systems, rather than individual schools, also promised administrative efficiency in the conduct of the government's programs. As already mentioned, non-systemic schools were restricted to funding Categories 1 to 6, that is low level recurrent assistance, by the *Administrative Guidelines for 1990*. On the other hand, most systems operated at Category 10 level, which guaranteed them high levels of recurrent funding (in 1988 Category 6 secondary schools received $1097 per student in Commonwealth recurrent grants whereas Category 10 schools received $1484, 35% more - *Choice in Schooling*, June 1988). This was a source of grievance for the non-systemic non-government schools.

This policy change had the effect of increasing the difficulty of some proponents of new schools to achieve high levels of private input in the early years to ensure the school's viability. The maintenance of effort requirement and their inability to obtain a funding review deterred some and prevented others from moving to a more sustainable funding and private input combination (DEET 1995a, 19). This was another source of dissatisfaction in the non-government sector.

Further changes to the New Schools Policy were announced on 19 December 1991. These may be viewed as a response to the New Schools Policy's success in achieving a stable sectoral balance between 1989 and 1991 of 72.1% enrolled in government schools and 27.9% in the private sector (ABS, *Schools Australia* 1990 & 1992). The new changes included a model of state legislation for the registration of independent schools; the promise to dispense with the current Commonwealth regulations when the states had sound arrangements for the registration process; and the relaxation of rules to allow schools approved since May 1988 to seek a review of their funding category. The latter included: the removal of the maximum enrolment requirement limiting recurrent funding for non-government schools; a reduction in the number of changes in operation which needed to be assessed by the New Schools Committees/Joint Planning Bodies; a strengthened assessment process for commencing schools and some changes of operation; and, the relaxation of the funding review requirement to five years (DEET 1992b). The new rules came into operation from 1 January 1993. The changes went some of the way towards meeting non-government sector criticism of the New Schools Policy funding regime. Nevertheless,

considerable antagonism existed towards the policy and its administration, especially towards the categorisation system, to which we now turn.

8.4.2 Reviews of funding categories

Two types of review were conducted by DEET into funding levels. At four-yearly intervals, a periodic general reassessment took place. Between these, an individual school could apply for a review. The first periodic review was conducted in 1992 for the 1993-1996 funding period and another was conducted in 1995-1996 for the period 1997-2000. Schools were not treated individually in this review process if they were part of a system. The results of the 1992 review are set out in Table 8.2.

Table 8.2

Reassessment of Category Levels of Non-government Schools for Funding, 1993-1996

State	*Maintained in Category*	*More Favourable Category*	*Less Favourable Category*	*Total*	*Appeals*	*Successful Appeals*
NSW	182	6	30	218	19	8
Vic	153	3	19	175	10	4
Qld	121	9	6	136	6	4
WA	65	3	9	77	5	2
SA	49	5	5	59	2	2
Tas	25	2	3	30	4	3
NT	3	-	1	4	-	-
ACT	11	-	-	11	1	-
Total	**609**	**28**	**73**	**710**	**47**	**23**

Source: DEET 1995b, *Review of New Schools Policy: Discussion Paper*, 21

It appears that all non-systemic non-government schools were reviewed. Fewer than 4% gained a more favourable categorisation. Another 10.3% were placed in a less favourable category. The remaining 85.8% maintained the same funding levels. Almost two out of every three of those moved to a less favourable category appealed against this decision and nearly half were successful in having their appeal upheld. The general lack of success of these non-systemic independent schools in gaining a more favourable level of funding appears to have contributed to the general dissatisfaction in the non-government sector with the outcomes of Commonwealth funding policy and its administration.

The second type of review was for individual schools which made application for reconsideration between the periodic general reviews. When the twelve category scheme was introduced in 1985, schools were allocated to a category on the basis of their ERI averaged over 1981 and 1983. Schools were permitted to appeal on any or all of the following grounds: their provision of additional services to students with special needs; where high levels of capital expenditure had distorted the ERI; and where a change of circumstances had made the data used for the calculation of the ERI atypical. The appeal was initially examined by DEET staff and a determination made. Appeal could then be made to the Non-government Schools Funding Review Committee. In 1989 this was simplified to a single ground: that of a change in circumstances which necessitated additional recurrent funding; and to a single stage review by the NGS Funding Review Committee. There was no limit on the number of appeals which could be made (DEET 1995b, 19-20). The outcomes of this process are set out in Table 8.3.

Both the appeal rate and the success rate has shown a very marked downward trend over the period. Altogether around 11% of all non-government schools appealed. However, some 73% of non-government schools were placed in Categories 10 to 12. These were mainly in school systems and therefore not the subject of the appeals mechanism. When this is taken into account, over 40% of non-systemic schools initiated appeals against their funding categories. When this is considered alongside the results of the 1992 general review, it indicates a widespread dissatisfaction in the independent non-government sector with the way the system was structured and with the ERI mechanism. On the basis of this evidence it is fair to conclude that the administrative mechanisms were impairing rather than assisting the government's intentions to sublimate discord. They were generally successful in limiting the number of new schools, as defined by the policy, and the consequential demand on the public purse.

In 1985, when appeals peaked, 46.5% were successful. The diminishing numbers of appeals thereafter suggest that most schools came to terms with their category or with the operation of the system, and it is only when modifications to the regulations were made that more felt they had sufficient grounds for appeal. Once established, schools appear to have learned to live with a particular funding category (or perhaps they had learned to present their financial data in such a way as to gain the most favourable treatment under the ERI mechanism). This is not altogether surprising since one of the implicit functions of the New Schools Policy was to look after the interests of existing stakeholders. The payoff was the legislated quadrennial funding allocation which is not subject to expenditure review at budget preparation time. Nevertheless, many schools chafed under a system which prevented them from aligning their financial basis to their clientele's capacity to pay.

Table 8.3

Success of Non-government Schools in applying for Funding Category Review 1985-1994

Year	*Applica-tions Received*	*Successful Applications*	*Success Rates %*	*Number of categories moved*					
				1	2	3	4	5	6
1985	157	73	46.5	33	20	11	5	2	2
1986	32	12	37.5	8	2	2	0	0	0
1987	14	5	35.7	4	0	0	1	0	0
1988	13	1	7.7	1	0	0	0	0	0
1989	15	3	20.0	0	2	1	0	0	0
1990	11	1	9.1	0	0	0	1	0	0
1991	12	3	25.0	1	1	1	0	0	0
1992	6	3	50.0	0	0	3	0	0	0
1993	3	1	33.3	0	1	0	0	0	0
1994*	9	1	11.1	0	0	1	0	0	0
Total	272	103	37.9	47	26	19	7	2	2

* Five of the nine applications for 1994 reviews had not been finalised at the time the figures were compiled.

Source: DEET 1995b, *Review of New Schools Policy: Discussion Paper*, 20

It should also be noted that in 1994 there were 65 registered schools with almost 4,000 students that were not in receipt of Commonwealth funding. Of these, 32 schools had failed to meet the requirements of the New Schools Policy. In addition, there were 1,100 unfunded students in funded schools, either because the school had expanded without approval or the students were engaged in distance education of some type (DEET 1995a, 21). It is also possible that some schools existed which neither received funding nor considered they had an obligation to complete the census returns. Although this situation may have been justified on the administrative ground that each had failed to comply with Commonwealth requirements, there is an equity issue involved where a policy created a disadvantage for some parents who wished to pursue their rights under Article 5 of the 1981 UN Declaration on the Elimination of all Forms of Intolerance and of Discrimination Based on Religion or Belief (which had been accepted by the federal ALP government in February 1993 as one of the determinants of human rights and freedoms under its own Human Rights and Equal Opportunities Commission Act 1986). It was also a further illustration of the lack of coordination between the Commonwealth and the states, that the states registered and funded schools on the basis of a satisfactory education program, but the Commonwealth would not fund them because they failed to meet the narrow requirements

of the New Schools Policy. The policy framework and administrative mechanisms clearly worked to the satisfaction of the public sector but to the dissatisfaction of a significant section of the non-government sector. In this respect, the Hawke-Keating model of corporate federalism had significant flaws.

8.5 THE IMPACT OF THE NEW SCHOOLS POLICY ON ENROLMENTS AND SECTORAL BALANCE

How successful was the Labor government's New Schools Policy in restricting the growth of the non-government sector and in limiting the extent of government outlays on school education generally? Did they result in a diminution of community dissent over Commonwealth funding of non-government schools? The answer can be found in part by analysing some of the statistical information published by the Schools Commission and DEET between 1986 and 1995.

The new arrangements contained in the New Schools Policy's *Administrative Guidelines* required that applications for eligibility for funding be lodged two years and three months before a school intended to commence. This requirement was also necessary for schools intending to substantially alter their mode of operation. It was subsequently recognised by the McKinnon Review (DEET 1995a, 16) that a certain amount of culling took place among Catholic systemic and Association of Independent Schools before notice of intention was lodged, and that some proponents of new schools submitted multiple proposals in order to secure immediate approval for one, rather than having to go to the expense and endure the delays of the appeal process.

An analysis of the number of applications under the new approval process and their success rate are set out in Table 8.4. Although this table shows provisional approvals and not the numbers of schools which actually commenced operations, it does serve to illustrate the way in which the new administrative mechanisms effectively restricted access to Commonwealth funding. This is further demonstrated by the number of non-government schools that actually commenced operations between 1986 and 1995 under the New Schools Policy (see Table 8.5). The approval rate permitted a numerical expansion of non-government schools of less than 1.5% per annum. Without increases in the size of existing schools (see Table 8.6), this would not have allowed the non-government sector even to keep pace with population growth over this period.

Closer inspection, however, reveals that the New Schools Policy did not particularly advantage Catholic schools as might appear to be the case at first sight. In 1986 Catholics owned 71% of non-government schools enrolling 75.0% of non-government students. By 1995 there was one fewer Catholic school in Australia than in 1986 due to amalgamations and restructuring

Table 8.4

Application and Success Rates for Commencing Non-government Schools, 1986-96

Year	*Notifications /Applications lodged*	*Withdrawn before assessment*	*Applications considered*	*Initial success*	*Additional success on appeal*	*Total successful applications*
1986	75	24	51	34	3	37
1987	52	11	41	32	2	34
1988	62	9	53	33	6	39
1989	132	67	65	35	2	37
1990	107	55	52	34	3	37
1991	82	45	37	26	2	28
1992	75	37	38	25	3	28
1993	80	30	50	39	0	39
1994	72	32	40	31	1	32
1995	114	52	62	38	2	40
1996	139	72	67	43	0	43
Total	990	434	556	370	24	394

Notes: The above figures

- relate to proposals assessed under the NSP - some clients submit multiple proposals;
- relate to **provisional approvals only** and are not indicative of the number of new non-government schools that have commenced and qualified for Commonwealth general recurrent funding since 1986;
- include proposals assessed on more than one occasion; and
- cover only proposals assessed by New Schools Committees, that is, they exclude proposals not involving a significant change of clientele.

Source: DEET (1995b), *Review of New Schools Policy: Discussion Paper*. Canberra: AGPS, p17 and based on figures supplied by DEET.

Table 8.5

Number of Commencing Non-government Schools in Australia 1986-1995

	1986	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*
Catholic	15	16	9	10	10	4	3	10	13	8
Other	23	15	21	23	16	9	19	9	12	13
Total	38	31	30	33	26	13	22	19	25	21

Source: DEET (1996a), *Review of New Schools Policy. Final Report*. Canberra: DEETYA, 87.

within systems. By 1995 Catholic schools comprising only 67% of the non-government sector and enrolment share had fallen to 67.4%. Anglican schools, the next biggest individual group, had fared slightly better. In 1986 Anglican schools represented 4.44% of the non-government sector.

By 1995 this had risen to 4.95% owing to a rapid increase after 1993. Enrolments comprised 9.04% in 1986 and 9.89% in 1995 (ABS, *Schools Australia*, various years).

Table 8.7 sets out the nature of the changes to non-government schools approved under the New Schools Policy (NSP). It should be noted that not all approvals resulted in commencements or alterations to the mode of operation. Although 34 amalgamations were approved under the NSP, in fact 81 schools were affected by these moves. As well, some 15 special schools passed from private to public control as state governments accepted responsibility for them (DEET 1995b, 13).

Table 8.6

Number of Non-government Schools by Size, 1985, 1990, 1994

Number of students	*19 85*		*19 90*		*19 94*	
	Primary	*Secondary*	*Primary*	*Secondary*	*Primary*	*Secondary*
1 to 20	52	*1*	78	*30*	43	*5*
21 to 35	82	*6*	77	*3*	66	*4*
36 to 100	303	*16*	289	*15*	295	*20*
101 to 200	391	*34*	387	*30*	408	*29*
201 to 300	303	*34*	302	*34*	291	*34*
301 to 400	171	*49*	193	*54*	204	*55*
401 to 600	158	*116*	175	*94*	189	*88*
601 to 800	51	*76*	44	*93*	50	*98*
801 to 1000	4	*51*	6	*49*	5	*56*
over 1000	-	*20*	-	*30*	-	*37*
Total	1515	*403*	1551	*432*	1551	*426*

Note: This table does not include data for combined primary/secondary schools. Consequently, the total number of schools is at variance with other tables.
Source: DEET (1995b), *Review of New Schools Policy: Discussion Paper*. Canberra: AGPS.

Some trends are discernible. Between 1989 and 1994, 134 of the 394 approved non-government schools actually commenced operations. Approximately 11% of existing schools were amalgamated or closed. Around 10% of schools sought to improve their positional advantage by relocation, opening additional campuses or amalgamation. Some 5% of non-government secondary schools sought to diversify by opening new primary departments. A slightly smaller proportion (4.7%) of primary schools added a secondary department. In each case it would appear that securing or retaining enrolments was a key motivation. It is also

significant that the approval figures in Table 8.7 reveal that 4.6% of non-government schools responded to Commonwealth government policies about improving school retention rates by adding senior secondary classes to their schools.

Table 8.7

Nature of Changes to Non-government Schools under the New Schools Policy

(Number of successful applicants and success rate by classification, 1986-1996)

Type of application	*1986-1989*		*1990-1992*		*1993-1994*		*1995-1996*	
Commencements	147	70%	93	73%	71	79%	83	64%
Extensions								
Primary	6	66%	6	67%	3	75%	7	87%
Junior secondary	21	54%	9	60%	8	61%	5	42%
Senr Secondary	60	86%	25	83%	16	94%	13	76%
Full Secondary	7	44%	10	53%	9	100%	5	45%
Relocations								
Whole	46	96%	19	100%	12	100%	8	89%
Partial	28	100%	2	40%	2	100%	2	100%
Additnl campus	25	96%	25	89%	15	79%	5	100%

Amalgamations: 1986-1993 34
Since 1993 amalgamations between funded schools not involving a new level of education or relocation ceased to require assessment by New Schools Committees.

Notes: The figures in this table relate only to proposals assessed under the NSP.
Some clients submit multiple proposals.
The figures relate to provisional approvals only and not to schools that commence and qualify for Commonwealth funding.
The figures also include proposals assessed on more than one occasion.
These do not include proposals not examined by the New Schools Committees because they did not involve a significant change in clientele.

Source: DEET (1995b), *Review of New Schools Policy: Discussion Paper*. Canberra: AGPS, p.18.
(In the original Table 2.10 there are errors in columns 7, 11 & 15 caused by double counting.)

It can be concluded that the new funding regime made it more difficult, especially for the proponents of new schools, to gain approval for Commonwealth funding. Not all who were successful in gaining approval managed to bring the proposed school to commencement. Many existing schools used the clearly defined mechanisms of the NSP and *Administrative Guidelines* to improve their positional or competitive advantage. One in twenty schools responded to the government's encouragement to young people to stay beyond compulsory schooling to extend their secondary departments to include the post-compulsory years. These were significant achievements for the ALP government in fulfilling its determination to limit the growth of the non-government sector, to reduce calls on the public purse and to introduce changes into

schooling which enabled a greater number of young people to achieve a more advanced level of education and be more employable in the workforce.

The use of the Education Resources Index (ERI) also affected the level of funding individual schools were granted. Table 8.8 reveals the changes over time of the numbers of schools per funding category. There was a significant drift upwards by schools in Categories 2-4. Numbers in Categories 5-7 and 11-12 grew quite strongly. Schools in Categories 8 & 9 found themselves being reclassified in higher categories, or else worked hard to maintain their present level or to qualify for higher funding levels in Category 10. New systemic schools tended to qualify for Category 10 funding. The introduction of a general restriction in 1990 that non-systemic schools, irrespective of their ERI, could only qualify for funding in Categories 1-6 had something of a distorting effect on the application of the ERI and on the ability of proponents of new schools to meet their enrolments targets and to satisfy administrative requirements regarding minimum size for funding. This was modified in 1993 to allow for an appeal for review after five years of operation (see below). This concession did little to alter the viability of some proposed schools.

Table 8.8

Schools by Funding Category, 1986-1994

Category	*1986*	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*% change 1986-1994*
1	55	53	53	53	53	53	54	51	63	14.5
2	41	40	39	39	39	38	38	38	37	-9.8
3	113	112	110	111	110	109	110	103	102	-9.7
4	31	29	27	27	27	27	26	24	23	-25.8
5	40	43	43	43	43	44	44	42	42	5.0
6	97	99	103	100	106	110	121	96	102	5.2
7	33	31	33	34	34	33	33	39	38	15.2
8	193	188	178	166	155	141	134	161	157	-18.7
9	104	103	102	99	101	99	93	90	95	-8.7
10	1562	1577	1590	1605	1599	1593	1594	1588	1578	1.0
11	155	157	164	170	171	170	165	175	180	16.1
12	33	33	32	34	35	36	37	40	38	15.2
Total	2457	2465	2474	2481	2473	2453	2449	2447	2455	-0.08

Source: DEET (1995b), *Review of New Schools Policy: Discussion Paper*. Canberra: AGPS, pp. 10 & 12.

A study of which groups were most advantaged or advantaged themselves most by the new policy is informative. Table 8.9 reveals that Moslem schools were the fastest growing, in terms of numbers of schools and student enrolments, from a very small base. Orthodox schools also grew quite strongly. These two groups reflect an outcome of the shifting balance in Australia's immigration policy. The strongest growth among the Protestant Christian providers

were the Baptists, with their Christian Community Schools, the Pentecostal/Assemblies of God churches, with their small Accelerated Christian Education schools, the Lutherans (confined mainly to German communities in Queensland and South Australia) and the Christian Parent Controlled School movement with its Dutch Reformed roots.

Table 8.9

Non-government Schools and Enrolments by Affiliation 1986-1994

	Schools			Enrolments		
Affiliation	*1986*	*1994*	*% change*	*1986*	*1994*	*% change*
Catholic	1694	1686	-0.5	581,847	602,149	3.5
Anglican	106	120	13.2	71,739	86,184	20.1
Uniting	41	43	4.9	35,784	39,666	10.8
Lutheran	66	72	9.1	12,845	19,252	49.9
Baptist	25	42	68.0	5683	12,626	122.2
Presbyterian	12	12	0	7699	8130	5.6
Seventh Day Adventist	77	71	-7.8	6405	6560	2.4
#Pentecostal	31	12	}	2893	3862	}
#Assemblies Of God	-	17	} 22.6	-	3289	} 147.2
Greek Orthodox	6	8	33.3	1796	2945	64.0
Other Orthodox	1	1	0	41	216	426.8
Brethren	7	8	14.3	842	1997	137.2
Society of Friends	1	1	0	707	995	40.7
Church of Christ	2	3	50.0	71	405	470.4
+Christian Community	35	-	}	3543	-	}
+Inter-denominational	36	45	} 6.0	8911	17,001	} 46.4
+Non-denominational	112	149	}	32,077	48,196	}
Jewish	16	19	18.8	7008	8734	24.6
Moslem	3	7	133.3	325	2474	661.2
Hare Krishna	1	2	50.0	51	77	51.0
Ananda Marga	1	1	0	27	41	51.9
Other Religious Affiliation	14	20	42.9	2842	5182	82.3
*Steiner	-	34	}	-	3961	}
*Montessori	-	19	} 19.8	-	1487	} 35.0
Other	101	68	}	9581	7491	}

Notes: # Previous Pentecostal category included some new Assemblies of God schools.
+ Christian Community was discontinued with increases in Inter-denominational & Assemblies of God (AOG) categories
* Steiner & Montessori were previously included in other.

Source: DEET (1995b), *Review of New Schools Policy: Discussion Paper*. Canberra: AGPS, p 15.
Figures are for all full-time students, including unfunded.

Although sizable growth took place in both the numbers of Anglican schools and their enrolments, most of this growth was in Queensland, South Australia and Western Australia, rather than in New South Wales and Victoria. The explanation for this lies in the policies adopted by the two largest metropolitan dioceses regarding the protection of existing schools from competition and support for public schools (see Anglican Church 1984, 1985). In Sydney and Melbourne, expansion was by enlargement of capacity of existing schools.

The numbers in 'Other' categories also grew. Unfortunately, changes to the way in which records were kept by DEET does not permit analysis of the 'Other' category, particularly the growth in numbers of Steiner and Montessori schools. The minimum size requirement for new schools acted as a brake on those proposing alternative types of educational experience in their schools. Many parents choosing non-government schools chose schools on the grounds of religious affiliation (Flynn 1993, 127-141). It is clear, however, that the New Schools Policy did not encourage community groups or educational innovators to contemplate setting up new schools.

Burke (1996, 404-408) has drawn attention to the implications of these trends. While overall enrolments in the non-government schools grew by 12.5% between 1986 and 1995, government school enrolments remained constant, Catholic school enrolments grew by 4% and 'other' non-government schools by nearly 40%. Burke concluded that these trends meant that non-government school enrolments would probably exceed 31% of total enrolments by 2000. (The replacement of the NSP by the Howard government [see Chapter 9] pointed to an even faster rate of growth of the private sector.) Thus, in spite of the NSP, there has been an increasing trend towards non-government schooling. The fastest growing category, that of 'other' schools, operates with a higher level of resources per school than government schools but at a lower cost to government. However, Burke's analysis suggests that the private share of non-government school funding may have **decreased** since 1988 when capital expenditure is taken into account. While the NSP effectively capped Commonwealth allocations for schools, state government funding has increased (see Table 8.10).

The reasons for this are twofold. Whereas the majority of state governments in the early to mid 1980s were Labor, by 1990 most had been replaced by Coalition governments which had a much stronger commitment to New Right ideology and economic rationalist solutions to public policy issues. Privatisation has been high on their agendas because of their commitment to choice and efficiency. Secondly, all state governments, whatever their political leanings, have found that it is in their interests, given the fiscal imbalance between Commonwealth and states, to permit enrolment transfers. It costs a state government considerably less to maintain a student in a non-government school than in a government one. (The Enrolment Benchmark Adjustment,

introduced by the Howard government, is designed to return to the Commonwealth some of the surplus accruing to the states.)

Table 8.10

Public Expenditure on Non-government Schools as a % of Total Expenditure

Year	*Ngs % of total Commonwealth outlays on schools*	*Ngs % of total state government outlays on schools*	*Ngs % of total public outlays on schools*	*Ngs % of total school enrolments*
1982-1983	50.2	5.9	14.6	24.6
1983-1984	50.9	6.7	15.6	25.2
1984-1985	10.2	6.8	15.6	25.8
1985-1986	53.4	7.0	16.3	26.4
1986-1987	54.7	7.1	16.6	26.9
1987-1988	55.9	7.5	17.2	27.3
1988-1989	55.9	7.4	16.8	27.6
1989-1990	55.7	7.7	17.2	27.9
1990-1991	55.3	8.2	17.9	27.9
1991-1992	54.3	8.5	18.3	27.9
1992-1993	53.5	7.9	17.6	28.1
1993-1994	56.3	8.4	18.7	28.5
1994-1995	57.0	9.0	21.0	29.0
1995-1996 (est)	(not available)	9.9	20.5	29.3

Source: *APC Review*, various years (based on figures supplied by DEET); ABS, *Schools Australia*, various years. ABS Catalogue no. 4221.0.

The effectiveness of the Hawke government's policy of depoliticising school funding by curtailing the transfer of enrolments from the government to the non-government sector can be judged from the information in Table 8.11. Quite clearly, during the eleven years in which the policy operated, there was a progressive transfer of enrolments from the government to the non-government sector. The rate of transfer had been slowed from the rapid increase of the later Fraser years. To this extent it can be judged as successful in contributing to the de-politicisation of funding, however the NSP was not able to arrest the steady decline of student enrolments in the public sector, a source of continuing concern to public school lobby groups. Part of the reason must lie in the relative affordability of schooling. With between 78% and 80% of non-government schools attracting high subsidies because of their classification in Categories 7-12 (76% of which are in Category 10) and with government schools increasingly charging 'voluntary' fees of between $40 and $300 per annum, the difference in cost between public and private education had shrunk to as little as $13 per week per child for a large proportion of those choosing the non-government sector (see McKinnon 1995a, 27). Studies by Williams (1984a); Ruby, Wells and Wildermuth (1992); and McKinnon (1995a) reveal that, although affordability has declined slightly since the Hawke government first came to power, the government school share of enrolments continued to fall in spite of the New Schools Policy and the administrative hurdles slowing the approval for new commencements for non-government schools. The

question remains as to why, when state governments were allocating additional resources to government schools (for example the Cain ALP government in Victoria set aside an additional $1000 million between 1982 and 1987 - *Australian*, 4-5 April 1987, 6), the enrolment drift continued.

Table 8.11

Total Non-government School Enrolments

Year	*Total enrolments*	*% of enrolments in Categories 7 to 12*	*Non-government school as % of total enrolments*
1986	793 051	78.50	26.4
1987	807 328	78.43	26.9
1988	822 019	78.48	27.3
1989	833 802	78.55	27.6
1990	843 370	78.59	27.9
1991	852 574	78.75	27.9
1992	859 128	78.92	27.9
1993	866 858	79.72	28.1
1994	880 308	79.35	28.5
1995	901 484	79.65	29.0
1996	921 458	79.73	29.3
1997	917 152	80.40	29.7

Source: Australian Bureau of Statistics, *Schools Australia* various years and DEET (1995b), *Review of New Schools Policy: Discussion Paper*. Canberra: AGPS, pp.10-12. Data for 1995 and 1996 supplied by DEET.

The data in Table 8.11 suggests another line of inquiry is in order. Under Labor, gross Commonwealth outlays on non-government schools had increased as a percentage of the total Commonwealth outlays on schools. However, when compared with the enrolment increase, Commonwealth outlay per student in non-government schools in real terms saw a slight decline (of 3.65%) between 1982/83 and 1994/95. Over the same period state outlays on non-government schools have also increased in real terms with the outlay per student in non-government schools increasing by over 29%. This is in line with Burke's (1996, 403) finding that the total increase in public expenditure between 1988 and 1994 was 10%, and Morrow's (1996, 5) observation that state and territory governments increased their expenditure on non-government schools by 42% between 1988/89 and 1993/94.

Some conclusions can be drawn. The NSP was reasonably effective in making it more difficult to commence new non-government schools. The traditional providers took advantage of this to reorganise, consolidate and then expand existing schools. Many of the new schools were inter-denominational or non-denominational Christian schools with their origins in the Baptist, Reformed or Pentecostal traditions. They tended to be smaller schools, although there was a general tendency under the NSP for school size to grow, particularly after the imposition of higher

minimum enrolment criteria. The continued transfer of students out of the public and into the private system was aided by state government funding policies which made private schooling more affordable. Why state governments adopted such contrary policies to the Commonwealth and why they increased funding during this period and at a time when many parents appear to have been disenchanted with the educational programs of government schools, requires investigation. At the centre of this problem was the difficulty of achieving coordinated Commonwealth-state policies despite federal attempts to do so. Nevertheless, the New Schools Policy did serve to sublimate the state aid debate for a time. This did not last, for when interest groups had time to evaluate its impact on their operations and to assess the low level of re-categorisation, they began to make strong representations for a total review of the policy and its operation (Browning 1997, 108-111).

8.6 INTEREST GROUP REACTIONS AND CRITIQUES

Labor ministers such as John Dawkins (CPD, H of R 1989, 3386) and Bob Collins (CPD, Senate 1992, 4086) justified the government's New Schools Policy to the parliament on the grounds that it ensured positive outcomes from the planned development of Australian schooling. In another forum (*Independence* 16(1), May 1991, 15-16), Dawkins was prepared to concede that independent schools had been extraordinarily successful and that they were better positioned than state schools to deal with religious and moral issues, to overcome prejudice and to care for the disadvantaged, particularly aborigines. He denied that it was the government's intention to force schools into systems.

His openness to non-government schools was not shared by ALP supporters in the 170,000 strong teachers' unions (*Canberra Times*, 13 January 1984). Whereas the government had rejected Keynesian approaches in favour of economic rationalism, these unions in particular clung to the concept of the welfare state, not simply as economic theory but also as the moral justification for demanding that a Labor government should control (rather than deregulate) markets, promote growth particularly in the public sector, and minimise the impact of socio-economic inequalities in order to achieve a more just society. They found it hard to accept the declining power of unions to engage in collective bargaining under the new microeconomic reforms of the Hawke and Keating governments.

Their traditional position (for example *Education*, 24 February 1986, 10) had been to insist on the Commonwealth's primary obligation for public schools. To this was coupled a compete denial of the right of non-government schools to public funding (*Education*, 14 February 1983). Therefore the unions were prepared to campaign to stop all aid (*Education*, 28 February 1983). After the 1984 Adelaide annual conference ATF Research Officer, Simon Marginson,

indicated that the union would adopt a three-pronged campaign over three to four years to tighten registration requirements for non-government schools, freeze the development of new private schools, abolish block grants to non-government school systems, and end government tax concessions and exemptions (*Canberra Times*, 13 January 1984). A sense of 'outrage and betrayal' met the August 1984 Guidelines which appeared to give everything the private sector had demanded, while government schools received a mere 15% of the promised increase in funding (*ATF Research Notes No 2*, 6 September 1984). The unions found themselves shut out of influence over government policy while the ALP set about reconstructing education more profoundly than the Liberals under Fraser. These themes are developed more fully in Marginson (1993).

In 1986, the Brisbane annual conference of the Australian Teachers Federation voted $340,000 for a three-year 'guerrilla' campaign using the freedom of information legislation to block non-government schools from expanding (*Australian* 10 January 1986). The next year, the unions were, in addition, campaigning for full public accountability, avoidance of duplication, and limits to federal funding (*Education*, 11 & 22 June 1987; *Sydney Morning Herald*, 8 July 1987)

Much of the research and framing of arguments was conducted by Marginson and Anne Junor (see *Education*, 24 February 1986; Junor 1991, 163-192). Using Gramsci's sociological categories, left-wing public school supporters, such as Jane Kenway (1990, 167-203), were able to point to the way in which the New Right had constructed a hegemonic discourse which served the interest of educational privilege enjoyed by the private school lobby. Despite this awareness, the state school lobby in general, and the teachers' unions in particular, were not able to construct a discourse to capture the public mind in favour of public schooling. In particular, public school advocates have found it difficult to oppose unrestricted choice while maintaining democratic freedom, to counter arguments for diversity without appearing to engage in special pleading on behalf of an unadaptive constituency, or to challenge the image used by the private school lobby of being oppressed (Kenway 1990, 183). There has also been the perception, both among unionists and the public at large, that the ALP was obliged to pay back election debts to the teachers' unions (*Australian*, 9 November 1983, 2). By 1987 the government appeared to be taking less notice of teacher's unions than in the past.

In so far as it could be demonstrated that it limited the growth of the non-government sector, the New Schools Policy had the full support of the public school lobby. Its argument was for greater restrictions on new commencements, a reduction of the funding share for the private sector and a reallocation to the public sector to overcome disadvantage and to lift resources (*Education*, 24 February 1986). These views informed the 1995 teachers' union and parents' organisation submissions to the McKinnon Review (DEETYA 1996a, 4).

Catholic education authorities were not unduly disadvantaged by the operation of the New Schools Policy. The strong representation of Catholic interests at the Connors Committee policy formulation stage meant that full account had been taken of Catholic views. The policy requirements were designed to protect the interests of current stakeholders, both public and private, against the incursions of new providers. During the implementation phase, Catholic systems had concentrated on consolidation of a decade or more of expansion with the result that numbers of schools fell slightly while enrolments increased marginally (see Table 8.9). By now Catholic administrators had a place on all significant education bodies, which reflected their enrolment predominance, and they were able to influence most decisions so that they were not incompatible with a Catholic philosophy of schooling.

The predominantly Catholic Australian Parents Council (APC) was critical of some aspects of the NSP. Its Executive Director, Margaret Slattery, wrote a three page appraisal for the independent school journal *Independence* in May 1989 in which she identified a number of inbuilt defects in the policy. These included the persistence of the resources gap between sectors because of the breaking of the nexus and establishment of a community standard some 10% below the level of government school resource use. Objections were raised to the intrusiveness of the new needs formula which introduced an accountability requirement over all private income. It was argued that the maintenance of effort requirement meant that non-government schools had to tread a fine line between raising sufficient private funds but not more than 3% extra, which would entail a loss of some funding. This requirement also made it more likely that, at the end of the four year funding cycle, successful schools would be penalised for improving their resource levels by being re-categorised to a lower subsidy level. Other defects the APC identified were that unspecified resource agreements were attached to betterment moneys; that a clampdown had been ordered on Establishment Grants for areas of stable population; and that there were a number of ambiguities about the assessment mechanisms for new schools.

Other matters of concern for the APC included the reduction in capital funding; the increased opposition from the government school unions to any increase in non-government school numbers; Australia's unfavourable trade balance's effect on the capacity to fund improvements to education; the signs that the Commonwealth government may be intending a unified national system as in the tertiary sector; and the abolition of the Schools Commission as a source of independent advice to government and the relocation of its functions in the Commonwealth Department of Employment, Education and Training under ministerial control. Criticism was levelled at the Category 6 funding cap for new non-systemic schools and at the level of accountability required from non-government schools and authorities and the impact this was having on educational programs. The redefinition of a 'new' school to include changes of location, years of schooling, amalgamation, change from single sex to coeducation or vice versa,

and the change from boarding were also the subject of strong disagreement (*Independence (XIV)*, May 1989, 28-31).

Likewise the NSW non-government school parents organisation was critical of the Basic grant (*Choice in Schooling*, March 1984), the operation of the ERI (*Choice in Schooling*, July 1985), the existence of unfunded students (*Choice in Schooling*, January 1986; October 1987), accountability requirements (*Choice in Schooling*, July 1986), enrolment limits (*Choice in Schooling*, November 1989), the re-categorisation process (*Choice in Schooling*, November 1989), and the ever-increasing spending gap between the actual costs of providing schooling and the level of combined state and Commonwealth subsidy (*Choice in Schooling*, June 1987, April 1995, November 1995). While Catholic school administrators were prepared to lobby government behind the scenes in order for the needs of their schools to be met, Catholic parents were much more open and public in the criticisms of the deficiencies of the NSP and its administration.

Anglican school administrators took much longer to react to the NSP. Inherent in Anglican schooling is the notion that each school is independent. Their lobbying was generally through the Association of Independent Schools (of which the Anglican constituency was the largest) or through old-boy networks which were much better able to influence Coalition members than Labor. In general, the established schools were against competition from low-fee rivals. The NSP served their interests well. For this reason, relatively few new schools were attempted in Victoria where established schools were most numerous. On the other hand in South Australia, Western Australia and Queensland, individual dioceses took advantage of the NSP (before the systemic requirements were introduced) to set up a number of high-subsidy, low-fee Anglican schools. The more restrictive requirements introduced by the modifications of the policy were not welcome among these more entrepreneurial parts of the Anglican church. Reaction to this led to the establishment of the National Anglican Schools Consultative Committee at the second National Conference in Adelaide in August 1993. This became, among other things, a lobby group on behalf of the newer Anglican school systems.

Later in 1993, a policy change was announced by the Archbishop of Sydney in his annual Synod Address. The formation of new low-fee Anglican schools in urban growth areas was to be an integral feature of church growth strategies in NSW. The stumbling block was that there were not three Category 10 Anglican schools in that state to set up a system to obtain the required level of Commonwealth subsidy. The Sydney Anglican School Corporation, which was assigned the task of setting up a school a year for eight years, began to lobby the Minister for Schools Ross Free, for a change in the regulations to permit either a national system (the Constitutional validity of which was doubtful because of the fact that school funding was under the provisions of Section 96, Financial Assistance to States) or an inter-denominational system in conjunction with the

Lutherans (who had school systems in Queensland and South Australia, but lacked the minimum number to set up a school system in NSW).

Earlier Anglican representations to the Hawke government (Anglican Church, 1985) had questioned government funding policy on the grounds that it encouraged elitism, it discriminated unfairly on the basis of geographical location, and that planning requirements favoured Roman Catholic schools because of their systemic organisation. At the time of the McKinnon Review, the Sydney Anglican Education Commission wrote to Schools Minister Ross Free (Anglican Church, 1995) advancing eight criticisms of the operation of the NSP: it never produced an adequate measure of need; systemic schools are advantaged in both access to recurrent funding and in establishing new schools; choice in schooling had been severely curtailed by the NSP; the Category 6 funding cap was arbitrary and lacked justification; restrictions on re-categorisation were arbitrary and unjust; a priority for 2% growth rate failed to account for demographic change in other areas, necessitating additional schooling; and the NSP did not have the capacity to deal with attempts to integrate K-12 schooling into wider community education programs. In these movements, there is clear evidence that the Anglican section of the population (which comprised one-third of children in government schools) was not supportive of the New Schools Policy.

Mention has already been made of the Lutherans who were seeking to expand their number of schools. They, together with the non-denominational Parent Controlled Christian Schools, the mainly Baptist Christian Community Schools and the Seventh Day Adventist Schools were also lobbying the Schools Minister for a relaxation of the Category 6 funding cap and the 1989 requirements concerning enrolments (Browning 1997, 108-109). It was only the Presbyterians and Uniting Church among the Protestant denominations who were not opposed to the operations of the policy. This was due to the fact that neither church, at that stage, had any plans for additional schools.

The level of frustration experienced by the Protestant Christian community can be seen in the media release by the Archbishop of Sydney (Anglican Church 1995) who charged the Commonwealth Labor government with having done nothing in the previous two years to address the NSP's discriminatory restrictions against Anglicans. Significant coverage was given to the Archbishop's views in the *Sydney Morning Herald* of 11 October 1995. The Rudolph Steiner Schools Association, which represented twenty-four independent schools following the Steiner pedagogical principles, also accused the NSP of being 'grossly discriminatory' in placing 'extreme obstacles' in the path of those setting up schools such as theirs. This Association also saw the NSP as favouring schools established by religious or ethnic groups (*Educare News*, November 1996, 4). A sustained campaign was waged during 1995 by all these providers to have the McKinnon

Review and the government take notice of their criticisms of the New Schools Policy and its administration (see lists of submissions and consultations in DEET 1995a, 1995b & 1996).

8.7 THE McKINNON REVIEW

Ten years after the Connors committee report *Planning and Funding Policies for New Non-government Schools*, the Keating Labor government in March 1995 commissioned a review of the dual system of funding. Was it a response to the widespread dissatisfaction with the operation of the policy, particularly in the non-government sector, or was it a routine review? Schools Minister Ross Free seemed to indicate that it was a routine attempt to see whether the policy could be improved for the benefit of the community (DEET 1995b, 75). Prasser (1985,1) points out that such inquiries are a mechanism used by governments to appear to be rational. Thus, to appoint what is presented as a routine review at a time when government was increasingly coming under pressure because of discriminatory features of its own policy, was to create a public perception of responsible action. The appointment of Professor Ken McKinnon, former ALP-appointed chair of the Schools Commission, indicated that the government expected the outcomes to be predictable and electorally safe. The findings would be used to legitimate government action, and any changes would be expected to be incremental (Smart and Manning 1986, 211). The appointment of the Review at the end of an electoral cycle would also appear to indicate that a primary motive was to disarm public dissent during an election campaign. By defusing what could become an embarrassing policy area, the government could claim it had an adaptable as well as tried and tested policy framework in contrast to the unknown future under the Opposition's restoration of unrestricted parental choice and the removal of 'excessively high hurdles or obstacles' in the way of parents exercising their choice (*Independence* 16 (2) 1991, 15). Once again, de-politicisation of Commonwealth funding policies seems to have been a prime factor in appointing the Review and electoral damage control appeared to be its main object.

The Terms of Reference given to Professor Ken McKinnon were that, in the light of changed circumstances, the review should take into account: the strong growth of the non-government school sector, especially small schools and schools catering for specific ethnic, cultural, religious or philosophical backgrounds; the implications for budgets of the demand driven nature of Commonwealth funding; developments in state and territory support for schooling, and the relative size of the schooling sectors; desirable future directions for the New Schools Policy; desirable changes to improve implementation; the effectiveness and appropriateness of restrictions of new non-systemic schools to Categories 1 to 6, minimum enrolment requirements and requirements for the formation of new school systems; variation of minimum requirements according to the location of schools; the roles and functions of New Schools Committees; non-government school registration requirements; and the influence of

information technology and whether the government should provide assistance for distance education in the private sector. The reviewer was given twelve months to produce a discussion paper, progress reports and a final report (Terms of Reference, Appendix A, DEET 1995b, 75-76).

In July 1995, after public advertisement, consideration of sixty-five submissions and consultations in each state and territory, a Discussion Paper was issued. This reviewed the trends in non-government schools, planning and process issues, matters of policy and the guidelines, and issues relating to systems, distance education, aboriginal education and alternative policies. Certain key issues were identified for community comment and submissions in stage 2, following which an Interim Report was published in October 1995. These key issues were grouped under four main headings: planning, process, policy and guidelines, and other issues. *Planning* raised as issues joint planning and the use of common criteria; the development of more precise operational definitions; the operation in a minimally contentious way of balance between sectors and the management of choice; the importance of common schooling and the national interest in relation to parental choice; the extent to which guidelines should be prescriptive rather than flexible; and the optimal balance between central and local control of the planning process (DEET 1995b, 31-40). *Process* issues were identified as the increased transparency of the process and the level of confidentiality required; how impact statements should be developed; the establishment of an ideal time frame; the relative merits of Joint Committees and New School Committees for planning; the development of standard procedures; and the consideration of the basis and process for appeals (DEET 1995b, 41-51). Suggested *Policy and Guidelines* issues were the management of choice; the possible reinstatement of evidence of substantial forward financial planning (abolished as a requirement in 1992); the basis of demographic assessment; the alteration of the minimum numbers requirement and the degree of tolerance which should be allowed in the first years; whether there should be enrolment maxima; the accuracy of ERI measures for funding and the effectiveness of reviews; the establishment of non-onerous regulations for amalgamations, site changes and satellite campuses (DEET 1995b, 53-64).

Other issues identified by the Review from the first round of submissions and consultations were: whether the pressure to join systems should be removed; whether inter-state systems should be considered; whether the rules regarding the rate of new schools formation should be relaxed for new areas; whether enrolment in a non-government school for distance education was reasonable; whether state departments should pool resources for a more varied national offering of distance education; whether the establishment rules were appropriate for non-government schools serving aborigines; whether the ERI is a suitable measure, whether it can be manipulated and what are the intended or unintended consequences; and what sort of schemes are necessary for efficient capital funding (DEET 1995b, 65-72). The Review saw six criteria emerging from the first stage. These were that the process should be open; simple,

orderly, and that equity, flexibility and predictability were universally desirable (DEET 1995b, 73).

During the second stage in response to the issues raised by the Discussion Paper, eighty submissions were made and consultations again took place in each state and territory. The October 1995 report noted that it had not been possible to complete consideration of all matters included in the Terms of Reference. Philosophical and general issues raised with the Review were to be discussed in the final report along with other matters not discussed in the Interim Report.

The Interim Report first considered proposals for change. The abolition of the Category 1 to 6 restrictions were addressed in Recommendations 1 to 4:

(1) The cap limiting new non-systemic schools to Categories 1-6 should be abolished as soon as Commonwealth budgetary circumstances permit.

(2) If it is not possible to abolish the Category 1-6 cap in time to operate for the 1996 round of Notifications of Intention to Apply, the Government should announce a date for the abolition as soon as possible to allow applicants to organise their applications appropriately.

(3) The New Schools Committees should be empowered to recommend high and medium priority only to applicant schools that have resource levels appropriate to the clientele of those schools, and which meet Planned Educational Provision criteria.

(4) New Schools Committees should also be responsible for recommending on the financial viability of applications.

The position of established new schools was taken up in Recommendation 5:

(5) As soon as Commonwealth budgetary circumstances permit, non-systemic non-government schools established within the last five years, that is, actually commencing after 1 January 1990, should have an opportunity to apply for re-categorisation and re-assessment of their grant category.

The question of enrolment requirements was addressed in Recommendations 6 to 12:

(6) Primary school minimum enrolments in urban areas should remain at 50 students.

(7) Primary school minimum enrolments in rural areas should be 20 students.

(8) The definition of rural should be based on areas with less than 5000 population

(9) New urban primary schools should be allowed three years to reach the minimum enrolment requirements.

(10) Secondary school minimum enrolments in both urban and rural areas should be:

Junior Secondary	Years 7-10	80
	Years 8-10	60
Senior Secondary	Years 11 & 12	20
Full Secondary	Years 7-12	100
	Years 8-12	80

(11) Start-up secondary schools, planning to add classes on a year by year basis, should be eligible for funding for the total enrolment once the Year 7 (Year 8 in some States) enrolment reaches 20 students or, if in a senior secondary school, once the Year 11 enrolment reaches 10 students, and the total enrolment reaches the following numbers

		Minimum Enrolments			
Period established		*First year*	*Second year*	*Third year*	*Fourth year*
Junior Secondary	Years 7-10	20	40	60	80
	Years 8-10	20	40	60	60
Senior Secondary	Years 11-12	10	20	20	20
Full Secondary	Years 7-12	30	60	80	100
	Years 8-12	30	60	80	80

(12) Schools should be able to count Full Fee-Paying Overseas Students for minimum enrolment, though not for either recurrent or capital grant funding purposes. (DEET 1995c, v-vi)

The recommended abolition of the Category 6 cap, with its potential of opening the high subsidy categories to a broader range of providers would invariably have re-politicised Commonwealth school funding. The implications of this recommendation would have been felt most severely within the ALP, representing as it does a coalition of interests. There is little in Kim Beazley's 1997 essay 'A Budget of Betrayal' to indicate what Labor's policy might have been (Beazley 1997, 41-42).

Consideration was given to the revised process in Chapter 3 of the Interim Report. The Review found that there was wide consensus for a more open process with greater flexibility within general principles. In an 'exposure draft' a number of principles and directions were suggested for community consultation. Among these were the strengthening of the role of the states and territories in the Joint Planning and New School Committees. It was suggested that the committees should be broader and more inclusive with an independent local chair, a dual role of active planning, consultation and advice together with the assessment of applications. The committees should be financed by the Commonwealth, have clearer guidelines on the distinctions between mandatory rules and flexible guidelines, and should be characterised by simpler, more transparent processing. The process itself and the time frame required were carefully analysed with suggestions for improvement to make the whole process less onerous, though not less demanding (DEET 1995c, 11-18)

Progress on a number of other issues was recorded and further input from community groups was solicited. Consideration had been given to demographic changes and their impact on planned educational provision. It was conceded that the present definition of catchment area was too restrictive and active forward planning by engaging potential applicants was encouraged. The 2% yardstick for defining growth areas seemed to serve its purpose, although it was conceded that accommodation of late arrivals was a problem. Recognition was given to the need to modify the guidelines regarding stable and declining areas when the viability of a school might depend on its

being sited in one of these to make use of transport systems to serve a wider catchment area. A positive guideline on negative impact was a preferred mechanism. It was argued that existing primary schools wanting to extend into junior secondary without needing substantial extra students could be considered outside the population growth guidelines, although such a school would not necessarily have a high priority (DEET 1995c, 19-20).

The balance between sectors maintained by the managed choice principle of the New Schools Policy had been criticised by government school interests for its negative impact on the viability of government schools and by non-government schools for its intrusion into the rights of parents. The Interim Report noted that the Review had failed to find evidence of real problems for either side. Because the task was to provide a national system of good schools for all children in ways that meet parents' preferences and because circumstances and attitudes had changed considerably in the last few years, it was conceded that the assumptions on which current policy is based may need to be re-debated nationally (DEET 1995c, 20-21).

The Review suggested that greater discretion should be given to state committees regarding amalgamations, site changes and satellite campuses. It also proposed the possibility of a revised approach to the way in which catchment areas are defined in the light of the de-zoning of government schools. One of the most contentious issues facing the Review was that of systems. Three rules had been contested: the requirement of a minimum of three schools for a system; the maximum of one new school for every three established schools; and the requirement of one system for each religious or educational affiliation in each state. The Review had received a submission from the NSW government that a system should contain eleven schools to justify the expenditure of 2% of grants for administration. The one for three rule to prevent systems becoming overloaded was, in the opinion of the reviewer, best dealt with on a case by case basis. There did not appear to be sufficient justification for the one system per state requirement on non-government school authorities. The centralisation of administration did not appear to achieve anything of value and worked against those who were already organised on a diocesan or circuit basis. Legal advice had been sought over the question whether it would be possible to have an inter-state system funded under the States Grants provision of the Constitution (Section 96). The Review was philosophically in favour of national systems if they were constitutionally possible (DEET 1995c, 22-24).

With respect to distance education, the Review noted the high developmental costs and was of the opinion that Commonwealth funding should not extended to students not in attendance. In view of world developments, it was suggested that development grants could be considered and that part-grants might be possible at secondary level. The Review also recognised that the needs of Aborigines were being met by state governments, although further consideration

should be given to meeting the needs of the Aboriginal community where parents could not afford to contribute to the cost of education (DEET 1995c, 24-26).

The Final Report was delivered to the Keating government in February 1996 during a federal election campaign which saw the ALP lose office and the Howard Liberal-National Party Coalition government returned to power. The report was not released until April 1996 after the new ministry had been sworn in. It was not able to form part of the debate on policy issues in the election campaign. Accordingly, consideration has been deferred until the next chapter dealing with the Howard government's school funding policies between March 1996 and June 1998.

8.8 ALP GOVERNMENTS AND SCHOOL FUNDING POLITICS

The Hawke-Keating ALP governments' attempt to remove Commonwealth school funding policy from the realm of distributive politics (Morgan 1992) using conjunctural policies (Lingard 1993, 28) to the realm of redistributive politics using structural policies was a response to Australia's declining economic performance and the perceived need to bring about structural reforms of the economy. Education was an instrument by which to address this need, yet the distributive policies of the Whitlam era were no longer feasible. The danger was that school funding was the most politically sensitive area of government funding, largely because of the objections brought against public funding of private, mainly religious, activities by those who considered government's responsibility was primarily, if not solely, to the public sector. Each alteration to policy had the potential to repoliticise the whole issue.

The ill-judged attempt in 1983 progressively to remove Commonwealth funding from the most highly resourced non-government schools sparked a political row which the Hawke government came to regret. It learned from that episode that it was far safer to implement incremental administrative change than to attempt direct government intervention for ideological reasons. As the Morgan/Lowi model reveals (Morgan 1992, 294), the temporary nature of redistributive politics requires administrative form. The Connors inquiry and the New Schools Policy legitimated reform by creating a redistributive mechanism in the form of the twelve funding categories, the ERI and, in the case of those wishing to start new schools, the detailed planning requirements and long lead time needed to require Commonwealth approval for funding. The success of these measures in depoliticising funding for a full decade has been traced.

The more restrictive modifications to the policy, effective from the start of the 1989 and 1993 quadrennia, served to generate the perception among non-government school supporters that the policy was inequitable and to create pressures for a return to distributive politics. This substantiates the Lingard-Offe model's (Lingard 1993) prediction that the societal effects of structural policy will be to increase politicisation. There is clear evidence that by 1995 the issue of

Commonwealth school funding had been re-politicised. This came, not from an ideological opposition to Labor policy which served the interests of existing stakeholders well, but from a practical concern that the policy was too restrictive for those who were not organised into systems, and too generous to those who were. It is small wonder that the Howard Opposition's policy of restoring unhindered parental choice (a feature of the Fraser administration) was very attractive to private school interests. On the other hand, the failure of even the NSP to halt the growth of the non-government sector at the expense of the government together with the prospect that a Coalition government would further enhance this trend, brought government school lobbyists back into the public arena (Morrow 1996, Marginson 1997a).

It is clear that, where there is no common philosophical agreement in the Australian community on the implications of a plural society for government funding policies, there will continue to be a politicisation of funding issues each time it appears that one group stands to gain at the expense of another. This is all the more intense when it occurs in a context of contractionary public expenditure, as has been the case over the last decade. The issue of establishing a common ground will be taken up in the final chapter after brief consideration of the Howard government's policies and their impact during the first half of that government's term of office.

Chapter 9

RE-EMPHASISING CHOICE AND DIVERSITY: Howard Government Policies and Beyond

9.1 INTRODUCTION

The attempts by the ALP government to submerge, or at least sublimate, the issue of Commonwealth funding for schools in the complicated and demanding administrative requirements of the New Schools Policy had been successful for a time. But counterpressures were developing. By 1995, opposition from the non-government sector interest groups was mounting with ongoing representations being made to the Minister for Schools, Ross Free, by Anglicans, Lutherans, Seventh Day Adventists and the Australian Association of Christian Schools. In this they were supported, as on previous occasions when funding was threatened in 1973 and 1983, by Catholic authorities.

The Interim Report of the McKinnon Review (DEET 1995c, v-vi) had recommended relaxation of a number of the NSP requirements to create fewer policy restraints in the non-government sector. These included the abolition of the Category 6 cap, the review of categorisation of non-systemic schools and more liberal enrolment requirements, particularly for schools in rural areas. The Review had also foreshadowed a revising and strengthening of the roles of the Joint Planning and New School Committees. The Final Report was delivered to the Keating government in February 1996 on the eve of the March elections. Its recommendations were predicated on the belief that 'The goal of the New Schools Policy should be to facilitate the non-government schools aspects of optimal and economically prudent schooling choices for all Australian primary and secondary students' within a prescribed framework (DEETYA 1996a, 69).

What the Keating government might have done with the forty-four recommendations advanced by the Review can only be the subject of speculation. Clearly, there was not adequate time to give them consideration in the middle of an election campaign. Nor was there any political advantage to be had for Labor from a report which placed choice to the forefront, when that was Opposition policy. The report lay on the Minister's desk, to be handed on to his successor, Dr David Kemp. The specifications for future directions were to be found in the Liberal and National Parties' policy statements rather than the McKinnon Report.

9.2 COALITION POLICY OBJECTIVES

The Coalition's policy document for schooling, prepared for the March 1996 election, clearly stated its support for 'the maintenance of a viable and effective non-government school sector' which 'plays a vital and irreplaceable role in the education in this country' (Liberal and National Parties [LNP] 1996a, 11). The principles of *diversity* and *choice* were clearly articulated in this and the Higher Education Policy Statement (Liberal and National Parties [LNP] 1996b). The *Schools and TAFE* policy stated

> A Coalition Government will support individual choice in education which meets the needs of parents and students in both the government and non-government sectors. We will continue to foster innovation, flexibility and diversity in our education system.
> (LNP 1996a, 5)

The mechanisms for achieving this were: a review of the Education Resources Index to remove the 'current disincentives to parental contribution' (LNP 1996a, 11); the promise to abolish 'the Labor Government's unfair and inequitable New Schools Policy and replace it with a fairer and more flexible process that is less obstructive and more responsive to community and parental needs' (LNP 1996a, 11); an undertaking to address the shortfall in capital expenditure by increasing Commonwealth capital grants by 10% ($30 million) over the first three years of government, thereby overcoming the deficiencies of the previous Labor policy of only taking into account capital expenditure by Block Grant Authorities (LNP 1996a, 12); a promise that parents would be consulted and included on working parties and committees; and an undertaking to review the current definition of allowable deductions under taxation law to expand the building funds definition to include donations for equipment such as information technology systems, vocational education materials and local professional development initiatives (LNP 1996a, 14).

It can be seen that this group of promises was carefully crafted to marry Coalition policy regarding deregulation and competition with the expressed needs and desires of non-government school parents and providers of schooling. Its electoral appeal to supporters of non-government schools was obvious. It clearly had the potential for creating political unrest, particularly among supporters and employees of the public school systems. (Although this was ameliorated by the promise in the 1996 Budget of a 17% increase in funding for government schools between 1997 and 2000 [D Kemp, CPD, H of R, 6 November 1996). It would appear that the Coalition parties were prepared to tolerate a level of political dissent in order to win office and to implement the microeconomic reforms they considered vital for the rejuvenation of the Australian economy. It is interesting to note that the implementation of these policies would not particularly advantage the highly resourced non-government schools, despite perceptions among government school supporters that it would (Morrow 1996). Instead, they were designed to bring choice to the 35% of parents and students who lacked the means to exercise their preferences under the existing

Labor policy (based on the 1986 *Age* national opinion poll, see Marginson 1997b, 158), a point reiterated by Schools Minister David Kemp in the 1996 Budget Debates (CPD, H of R, 16 October 1996; 6 November 1996).

In certain respects these policies represent a return to distributive politics along Morgan's pathway 2A (Morgan 1992, 294, see page 8, above). Additional funding was necessary to remove the Category 6 cap, to provide a non-government school alternative for as many as would choose, and to provide additional establishment grants. This new phase of distribution for the non-government sector was also a time of redistributive politics for those in government schools (since they would lose a predetermined amount, through the Enrolment Benchmark Adjustment mechanism, for each student who transferred) and for the higher education sector, where funding had been reduced. The desired net effect would be to increase the private contribution to education in all three sectors, and so reduce its total cost to government. At the same time the administrative apparatus could be reduced by simplifying the process and by eliminating Commonwealth duplication of state functions, and further cost savings could be made (D Kemp, CPD, H of R, 16 October 1996).

The Enrolment Benchmark Adjustment (EBA), where state systems were to lose $1712.50 in funding for each enrolment lost by the public sector to the non-government, has proved to be the most controversial of the Howard government's changes. It occasioned intense debate during the passage of the States Grants Bill in late 1996 and has been a source of irritation since, despite the fact that, by the end of 1997, it had still to be implemented. The explanation of this mechanism by DEETYA to the Senate Employment, Education and Training Legislation Committee focused on the Commonwealth's concern about cost shifting by the states as a result of the enrolment drift to non-government schools. The department calculated that the movement of a former government student to a non-government school represented an average saving to the state of $3403. This was not reflected in the untied Commonwealth Financial Assistance Grant which remained the same while the federal government also had to meet the cost to the non-government school because of the per capita nature of funding for this sector. It was estimated that the states had saved more than $3 billion since 1983 as a result of enrolment shift towards the private sector. The EBA sought to reduce the potential for shifting costs between levels of government by adjusting the general recurrent grants to the states by 50% of the gain from enrolment drift. Forward estimates placed enrolment transfers at 15,729 students in 1997, 34,758 in 1998 and 54,085 in 1999. It was also estimated that state governments would lose $26.763 million in 1997-98, $59.142 million in 1998-99 and $92.027 million in 1999-2000 (C of A, Budget Paper Number 1, 3-90; D Kemp, CPD H of R, 16 October 1996; *APC Review*, 4/1996, 3-4 & 1/1997, 8-9). Watson (1996, 6) estimated that enrolment transfers were more likely to be in the order of 48,250 rather than the revised 1997 figure of 17,756 (which would increase the

non-government sector's enrolment share to 32.1% by 2000, not 31.1% as predicted by Schools Minister David Kemp. The financial impact of this would be in the order of $148 million under the EBA. This analysis was rebutted by the Schools Minister as being flawed in its measure by using the absolute increase (including those who never intended enrolling in a government school), rather than the proportional shift (D Kemp, CPD, H of R, 16 October 1996). Nevertheless, public sector unions were able to use this in their campaign against any mechanism that permitted enrolment transfers.

9.2.1 The National Commission of Audit

On a broader front, the Howard government upon taking office commissioned a National Commission of Audit under the chairmanship of R R Officer. The Commission's report of June 1996 provided a further indication of the direction of likely government reforms. It examined the ways in which public sector service providers could be made more efficient in their delivery of programs. Its recommendation was that, by making the delivery of government service programs contestable, similar gains in efficiency to the private sector could be achieved. In general, this was best achieved by government becoming a purchaser rather than a provider of services. By separating and clarifying the difference in roles between purchaser and provider, accountability would be enhanced, conflict of interest would be minimised, and the principles of contestability could be embedded (Officer 1996, 13). The Commission also recommended that, wherever possible, the intended beneficiaries of programs should be empowered to become purchasers. It identified four characteristic of efficient programs: best practice delivery; transparency and accountability; accessibility; and contestability (meaning competitive program delivery). To achieve this it recognised that core cultural changes would need to occur in the way government delivered services. An outcomes focus was essential (Officer 1996, 14).

Contestability involves building into non-competitive markets the possibility of easy access by other competitive providers and into regulated markets a limited contract to provide services which has to be won by tender (Officer 1996, 15). Contracting out, reduction in duplication of services between agencies of the one level of government or between levels of government were identified as ways of improving efficiency. The Commission argued that the benefits were: clearer policy priorities; better working relationships as expectations and responsibilities were clarified; conflicts of interest would be minimised because providers would not be the sole source of advice; contestability could be enhanced; accountability could be heightened; managerial autonomy could be increased; responsiveness to clients could be improved (Officer 1996, 15-16).

Contestability implies a move away from monolithic government service providers (such as the Commonwealth Employment Service) in favour of a multiplicity of smaller providers who must win the contract to provide by tender, who must compete with other providers, and who must be able to demonstrate the agreed outcomes under predetermined accountability mechanisms. The implications for school funding policy meant that no longer would government be 'rowing' but 'steering' (Osborne & Gaebler 1992), that is setting directions, providing standards, furnishing resources, and establishing and enforcing frameworks of accountability, but not actually delivering the service.

This represented a further change in direction of metapolicy from that introduced by the Hawke and Keating governments, particularly by John Dawkins as the minister responsible for Commonwealth funding of schools. Choice by those intended to benefit from government services was an essential part of the new direction embraced by the Howard government. Diversity in service providers was also considered to be for the public good. Experience had shown that these were not concepts readily embraced by public sector unions and their supporters (Caldwell & Hayward 1998, 51-53).

Criticism was directed at the Audit Committee by the Australian Parents Council because of the casual treatment of schools and the failure to recognise the gains that had been made in schooling because of the Commonwealth-state partnership. The Commission's recommendations that funding responsibility be returned to the states was seen to be the product of its interest in downsizing, rather than an objective assessment of the national interest. The Parents Council made representations to the Minister to overturn the recommendations regarding schools (*APC Review*, 3/1996, 3-4). It would appear that this met with the government's agreement because no moves were made to implement this recommendation.

By this combination of policies and approaches, the tradition of 'positive freedom' central to English idealist philosophy and liberal practice by which the state had a duty to enhance the power of the weak citizen (Green 1987, 31), and the goals of the New Right (see Chapter 8, above) to deregulate, privatise and reduce taxation were achieved. In the latter, the Coalition was not very different in its objectives from the Labor Party under Hawke and Keating. The difference lay in the means and the extent to which the Coalition were prepared to permit freedom of choice and the development of diversity in schooling. In this regard, part of the philosophy of the EBA was not only to prevent cost-shifting by state governments but also to increase the competition between government and non-government schools, and to force administrative reforms on state education departments to improve educational standards and schools' responsiveness to parental needs and expectations (D Kemp, CPD, H o fR, 6 November 1996). In this way, they introduced a measure of contestability into state government funding programs as well. This was in addition

to the type of contestability which Lingard and Porter (1997a, 1) identified as existing between the Commonwealth on the one hand and the states and territories on the other over roles, rights and responsibilities and the financial capacity to meet them. Knight and Lingard (1997, 35) see the development of the Council of Australian Governments (COAG) under Prime Minister Keating to be indicative of the shift of power from line departments to the central agencies of government and the contested development of collaboration in the 'national interest' between the Commonwealth and states. This would appear to be less important for the Howard government agenda because of its commitment to smaller government and federalism rather than centralism in Commonwealth-state relations. Nevertheless in practice this does not appear to amount to a significant difference, judging by the way the Commonwealth has handled Health and Child Care policies, where the Commonwealth appears to have dictated terms and conditions to the states. Lingard and Porter conclude (1997b, 17) that there seems to be adequate justifications for schooling remaining a shared responsibility, particularly in relation to social justice.

Finally, it should also be noted that this change of direction did not mean a return from Offe's structural to conjunctural policies, even though these measures were designed to satisfy societal demands. Rather, it was an example of government seeking to create a larger and freer market in educational services where citizens as consumers could exercise their choice (a thesis developed at length by Marginson 1997b; Green 1987, 95), and a demonstration of the application of the Public Choice School's idea that government activity should be shifted wherever possible into the market to improve efficiency, both of the delivery of services and of government itself (Green 1987, 103; and illustrated by the 1993 Coalition Higher Education policy of directing funding to students rather than institutions). It is equally clear that the Coalition government was not prepared to go as far as the 1975 Fraser educational platform and its own 1992-1993 policy of embracing the Friedman voucher system for funding education. It would appear that diversity was being tempered by another New Right concern for educational standards, particularly literacy and numeracy, and the desire to implement national educational testing to establish benchmarks against which improvements could be made. The voucher system, by allowing unlimited expansion of and diversity among schools, would cause a consequent loss of opportunity for government to influence the enhancement of standards (Green 1987, 158-160).

9.3 COALITION POLICY IMPLEMENTATION AND OUTCOMES

9.3.1 Abolition of the New Schools Policy and other school funding initiatives

On assuming office, the Howard government chose to shelve the Final Report of the McKinnon Review of the New Schools Policy, although there is some evidence that the

government had at least heeded its warning that cutbacks in funding were likely to harm cooperation and and to lead interest groups to compete for the diminishing share of resources (DEETYA 1996a, 2). Instead, in its August 1996 Budget the government announced the abolition of the New Schools Policy, including the removal of the restriction on access to higher levels of Commonwealth funding for new independent schools and an end to the maximum and minimum enrolment limits for funding purposes (a recommendation of the McKinnon Review [DEETYA 1996a, 24-25]). Furthermore, the government committed itself to Commonwealth per capita funding for every child (except full fee-paying overseas students) attending a non-government school registered or approved by the government of the state or territory in which it operated.

The abolition of the New Schools Policy elicited 202 applications in the first six months of 1997 for new non-government schools or changed operations in existing private schools. This compares with an average of 90 a year under the NSP (see Table 8.4, p 218 above). Almost half the applications were for new schools and 27% were for an extension to a new level of education. Another 17%, mostly from Queensland and New South Wales, sought an extension within their approved level.

During 1997, with the removal of the Category 6 funding cap on non-systemic non-government schools, 38 schools gained reclassification to higher funding levels. A further 47 schools, not previously in receipt of Commonwealth funding, started to receive Commonwealth aid. Included among these were schools which had not met the previous enrolment criteria and still did not (despite the McKinnon Review's belief that they should not be encouraged or rewarded [DEETYA 1996a, 29]). Sixty new schools commenced operation (DEETYA supplied statistics in *APC Review*, 1/1998, 13). It is significant that the rate of increase in new non-government schools after the lifting of the cap was slightly less than in 1996, when 65 new schools had been approved to commence, although some did not commence until 1997. Ninety-nine new schools actually commenced operations in 1997. An analysis by type reveals that seventeen per cent were inter- or non-denominational Christian schools, 14% were Catholic schools, while Baptist and 'other Christian' comprised 7% each. Ten per cent were based on the Rudolf Steiner philosophy and 5% were of the Montessori type. Islamic schools represented 5% of the new starters and one was Jewish. The remainder were spread across the major Christian denominations, with the exception of the Presbyterians. It is difficult to draw firm conclusions as to what these trends may indicate for the longer term. Preliminary enrolment statistics reveal that by the end of 1997, non-government school enrolments were approximately 29.7% of all enrolments, up from 29.0% in the last full year of ALP government (ABS, *Schools Australia 1997, Preliminary*, ABS Catalogue 4220, January 1998). It was not unexpected that the revocation of the restrictive NSP requirements would have produced a minor flood of applicants. However, the

high costs associated with setting up new schools would appear to act as a deterrent to a sustained expansion at this level of commencements each year. This had already been drawn to the notice of the educational community by John Lambert of the Sydney Anglican Schools Corporation in a paper on the implications of the abolition of the New Schools Policy (*ACE News*, 1997) which pointed out that most of the non-government school enrolment growth would come from existing schools or schools already approved under the NSP.

Nevertheless, the abolition of the New Schools Policy and the resultant potential for unrestrained growth in enrolments in the non-government sector led state governments to review their own policies for the registration of new schools, particularly in the light of the McKinnon Review's claim that public school systems were not the sole universalising and democratic force within an increasingly diverse community (DEETYA 1996a, 4-5). The most far-reaching response to date has been in South Australia where, on 23 May 1997, the Minister for Education and Children's Services announced a New Schools Policy to apply to all schools wishing to undertake a significant change. The Minister stated that he strongly supported parental choice but not a completely free market for the establishment of new non-government schools in South Australia (Minister for Education and Children's Services, 23 May 1997). The driving force appears to have been the fact that enrolments in South Australia were not expected to grow in the foreseeable future (DEETYA 1996a, 14-16) and the state government's desire to ensure the continuance of orderly planning as advocated by the McKinnor Review (DEETYA 1996a, 37-56).

The new South Australian policy set up a planning committee for non-government schools to ensure that new schools or those changing their operations would meet the requirements that there be a demonstrable and on-going parental support base within the catchment area as well as a proposed ten year enrolment plan consistent with government estimates of student population and an evaluation of the impact on existing schools within the first three years. Parameters for determining a negative impact were set, minimum enrolment numbers were specified and additional requirements regarding consultation and the catchment area were specified. The Minister had the final decision against which there was no provision for appeal. This approach to regulation, while not as restrictive as the Commonwealth New Schools Policy, was designed to prevent an unlimited expansion which could place existing schools at risk. It favoured the status quo without regard to the efficiency or effectiveness of existing Commonwealth and state subsidised non-government schools.

The abolition of the Commonwealth New Schools Policy also created ongoing fears of the 'residualisation' of the government sector. Although the fear was expressed in terms of residualisation, on closer inspection most objectors to the Howard government policies, and most notably the Australian Education Union and its affiliates, appear to fear competition. The term

'residualisation' appears to have gained wide currency as a result of its use in the Final Report of the McKinnon Review (DEETYA 1996a, 7) without its users feeling obliged to specify at what level of enrolments government schools could be considered to be the residuum. This fear, together with the proposed introduction of the Enrolment Benchmark Adjustment, led to the formation of the Australian Schools Lobby under convenor Ann Morrow, former chair of the Schools Council (Morrow 1996). The Australian Council of State School Organisations (ACSSO) made representation to the Senate committee hearing on the 1996 States Grants Bill that it was fundamentally opposed to the EBA. It argued that it was a further imposition on top of the financial stringency of recent years which had caused public schooling to suffer under the reduced Financial Assistance Grants from the Commonwealth to the states (*Educare News*, November 1996, 4). Even the conservative Australian College of Education, which supported a strong and healthy private sector, was moved to argue that the changes were too open ended and could lead to a loss of balance in the existing structural relationship between sectors. It particularly found fault with the EBA formula which was related to the average cost rather than the marginal cost of providing places in the public sector. It argued that the small reduction in numbers per school was not likely to result in cost saving and therefore it could only mean a reduction in resource levels in government schools. The College was of the opinion that the new policy could also produce non-government schools with inadequate resource levels (*ACE News*, November 1996).

The first Howard government budget contained a 5% increase (to $3.44 billion) in funding allocations for schools which permitted maintenance and supplementation of recurrent grants by 2.5% in line with changes in the Average Government School Costs and increased capital grants (DEETYA 1997b). The Labor government's Students at Risk, the National Professional Development and Key Competencies Programs were wound up from the end of 1996. Working parties were set up to inquire into the needs of students with disabilities and the Education Resource Index. A sum of $45 million was allocated to literacy and numeracy programs and for national testing, while another $80 million was being made available to schools for vocational education over four years (D Kemp, CPD, H of R, 16 October 1996). Subsequent Budgets have maintained the projected growth in General Recurrent Grants for both government and non-government schools. (Further details of the Howard government programs and the government's responses to criticisms are to be found in Appendix 11.)

9.3.2 Responses to the Howard government's school funding policies

The Senate Employment, Education and Training References Committee, chaired by ALP Senator Rosemary Crowley, saw fit in June 1997 to release a report accusing governments of retreating from their responsibilities to provide an adequate school education. It found evidence for an apparent decline in the level of government funding in recent years. It also noted that

privately raised funds are making an increased contribution to total expenditure and that schools have come to rely on private contributions to provide essentials, not just extras (C of A [1997] Report, *Not a level playground*, 25). The report, using the National Commission of Audit findings, pointed to the decline in state government allocations to be a contributory cause for this trend. The abandonment of education resource standards was seen to underlie this decline. The consequence was 'an erosion of government commitment to the provision of free, secular education' (Report, 39). Coalition senators issued a minority report which challenged the anecdotal nature of much of the evidence and the report's tendency to simplify an argument and overstate a case (Report, 115). It would appear that the Senate report is of somewhat dubious value, other than its capacity to highlight the extent to which Commonwealth school funding has been repoliticised by the Howard government's changes.

The Commonwealth government's commitment to sharing the cost saving in enrolment transfers from government to non-government schools with the states and territories governments, using the EBA mechanism, served to cement the perception of a direct relationship between Commonwealth funding of non-government schools and resource inadequacies in the government sector. This has been used by the Australian Education Union and by Labor state education ministers to create a climate of fear and uncertainty (*Sydney Morning Herald*, 16 & 18 June 1998; NSW Minister for Education and Youth Affairs, News Releases, 2 & 15 June 1998). The Final Report of the McKinnon Review contained sufficient evidence to suggest that Commonwealth funding for non-government schools was not directly related to public funding of government schools (DEETYA 1996a), largely because of the pivotal role of state and territory governments in providing the major component of funding for the latter. The McKinnon Review (DEETYA 1996a, 3) had pointed to state cutbacks in the early 1990s as the source of Australia's relatively poor proportion of GDP spending on schooling, despite the offsetting increases in Commonwealth spending. Any assessment of the plight of government schools must take into account the range of educational policies adopted by state governments and not just Commonwealth funding policies (see, for example, Caldwell & Hayward 1998, 38-80).

The Commonwealth's commitment to increased funding for government schools between 1997-2000 has been used to rebut the claims of the teachers' unions and parliamentary critics (see C Lawrence, CPD, HofR, 15 October 1996; and P Baldwin, CPD, H of R, 6 November 1996; NSW Minister for Education and Youth Affairs, News Release, 2 & 15 June 1998; D Kemp in *Sydney Morning Herald*, 2 July 1997, 17; D Kemp 1998). Nevertheless, the EBA mechanism has not only created a direct link, but a redistributive one which appears to impact regressively on government school funding (*Sydney Morning Herald*, 26 May, 16 & 18 June 1998). It has been in the interests of Labor state education ministers to speak of 'massive cuts in funding by the Howard government' (Spokesman for NSW Education Minister John Aquilina, *Sydney Morning*

Herald, 26 May 1998, 7). However, the projected loss for NSW in 1998 was a modest $4.3 million in a total state school recurrent funding budget of $5.022 billion (0.086% of the total or less than $6 per student in NSW public schools if the state government were not to maintain its per capita level of school funding). Nevertheless, it was sufficient to provoke a call by the NSW Teachers Federation for a two hour strike on 17 June 1998 in protest against the redistributive Coalition policies. The metropolitan press showed little enthusiasm for NSW Teachers' Federation claims (*Daily Telegraph*, 18 July 1998; *Sydney Morning Herald*, 'School stunt' Editorial, 18 June 1998).

In response, the Commonwealth Schools Minister has relied on a demonstration that the 17% increase in funding for government schools (compared to 14% for non-government schools) between 1997 and 2000 does not indicate a government favouring the private sector (*Sydney Morning Herald*, 2 July 1997, 17; 15 January 1998, 4; *Education Review*, May 1998, 3). He also argued that the removal of small numbers of students from individual schools would actually mean an increase in resource level per student in that school, particularly in the light of decisions by state governments to increase school funding by 6.37% in 1996 (D Kemp, CPD, H of R, 6 November 1996). In the context where it is easy for one level of government to blame the other for the deficiencies in school funding and resources, government school interests have been neither convinced nor mollified by factual arguments advanced by Commonwealth ministers. For many public school supporters a simple equation exists: any funding of non-government schools simply means loss of potential funding for government schools.

The abolition of the New Schools Policy may have satisfied the non-government sector, but it is clear that a significant level of dissatisfaction remains in the government school sector over the implications of Liberal-National Party funding policies. The Enrolment Benchmark Adjustment has been the particular focus of dissent because of the way it is expected to impact on costs at the school level. Potential unrestrained growth of the non-government sector (which still lies within the 0.15 to 0.3% per annum range predicted by the McKinnon Review [DEETYA 1996a, 16]) has still to materialise. The failure of the Howard government to retain the planned educational provision recommendations of the McKinnon Review (DEETYA 1996a, 35-44) and the abolition of the minimum size requirements (DEETYA 1996a, 26-28) have also been sources of dissatisfaction for those who fear the residualisation of the public sector which will still be bound by its obligation to provide accessible schools no matter what the level of demand.

Past experience has shown that all governments are wary of moves that will reignite the state aid debate and create such a level of concern that the electorate becomes polarised. With 70% of children still in government schools, no government can afford to alienate the public sector. The Howard government may well be forced to reconsider its position in the light of the

25 May 1998 representation by the non-government school Australian Parents Council to have the EBA mechanism dropped because of the divisiveness of the Australian Education Union's campaign to revive the state aid debate (*Choice in Schooling* 18 (4), June 1998, p 1).

9.3.3 The Education Resources Index (ERI) Review

In February 1997 the Howard government commissioned a review of the Education Resource Index as promised in its election policy document (Liberal and National Parties 1996a). The review was conducted by DEETYA under the direction of the First Assistant Secretary of the Schools Division, W L Daniels according to the terms of reference issued by the government. The reason for the review would appear to lie in the number of complaints levelled at the mechanism during the Keating administration's term of office. Strong representations had been made by a number of non-government school interests in favour of having the ERI reviewed (see NSW Parents Council, *Choice in Schooling*, 15 (6), October 1995 & 16 (7), December 1996). Letters inviting submissions were sent to all providers of schooling. Between April and June 1997, consultation workshops were conducted in each state and territory, bringing together a wide cross-section of the non-government school community. Following this a study tour of schools was conducted to supplement research undertaken by DEETYA. The issues paper *Schools Funding: Consultation Report* was released by DEETYA in October 1997 with a 15 January 1998 cut-off date for responses.

The Consultation Report identified the Commonwealth's concerns in school funding policy to be 'raising quality, promoting choice and diversity, supporting equity, and ensuring efficiency'. Non-government schooling was seen to be 'a strong and integral component of the total education scene' (DEETYA 1997a, 5). Choice between and within government and non-government sectors was seen to improve standards and to respond to the needs of students, making schools accountable to students and their parents (DEETYA 1997a, 7). The Report revealed an interest in diversity of schools and diversity within schools (where programs, methods of teaching and school organisation vary to meet students' needs) and floated the possibility of more autonomy for government schools (DEETYA 1997a, 8-9). Equity was seen in terms of educational opportunity and quality, both of which were suited to the needs of the student. Choice was the mechanism identified to ensure equity (DEETYA 1997a, 11). This dimension reflected the trenchant criticism by the Minister for Schools of the Labor government's New Schools Policy which, by its Category 6 cap on non-systemic schools, had created unfairness by denying those from less wealthy sections of the community the capacity to choose (D Kemp, CPD, H of R, 16 October 1996).

The Education Resource Index (ERI) has been criticised for lacking transparency, flexibility, simplicity and responsiveness which leads to failure when two schools drawing on the same catchment area can have vastly different ERI ratings and attract different levels of funding (DEETYA 1997a, 25). The KPMG evaluation supported the view that the ERI was not an effective indicator (DEETYA 1997a, 27). The problems were identified as arising from the complexity of the mechanism, changes made over time, and the management decisions made in individual schools. The ERI effectively locked schools into one funding category and prohibited it from responding to the market. It also acted as a disincentive to private effort (DEETYA 1997a, 26). Early submissions argued that there ought to be a rural correction factor or a geographic component to deal with the disadvantages faced in non-metropolitan Australia. The Report recognised that the ERI was in need of reform because of the effect of government policies which had changed the relativities of the various funding categories, thereby disadvantaging those in Categories 1 to 4 (DEETYA 1997a, 28).

The Report canvassed the operational problems with the ERI and other issues arising from the current system before considering proposals for change. The latter included: removal of contributed services; adjustment of the capital component; removal of the boarding component; alteration of the base year for measuring maintenance of effort and private income; greater discretion being given to the Non-government Schools Funding Review Committee (DEETYA 1997a, 43-46).

Chapters 10 to 14 of the Consultation Report (DEETYA 1997a) offered a range of alternative approaches to the present ERI funding system: school-based approaches; income-based approaches; individual-based approaches; socio-economic status-based approaches; and a tiered approach to individual funding. It is not possible to draw any conclusions as to the likely direction the final report will take. In the meantime, public comment has tended to focus, not so much on the method, as on the underlying assumption that school funding will be pegged at present levels or see future reductions (*Education Review*, 1 (9)). It is not unreasonable to conclude that changes to the ERI will foment further political opposition to any funding policies which appear to favour non-government schools at the expense of the public sector.

9.3.4 The outcomes of contestability

At another level, it is worth noting that state government school authorities appear to be taking up the challenge issued by Dr Kemp that they become more competitive and differentiated. Victorian schools had already faced the winds of change after the election of the Kennett Coalition government. The reforms of the 'Schools of the Future' program, introduced between 1993 and 1996, have been extensively documented by former Education Minister Don Hayward

(Caldwell & Hayward 1998, 38-80). It is clear that Federal Minister Dr David Kemp has embraced the contestability philosophy of the Commonwealth Commission of Audit and is in the process of bringing about lasting change within the programs administered by DEETYA.

Other states appear to be moving in the same direction. New South Wales has recently undergone a combining and restructuring of the two education departments, bringing together school and vocational education (*Sydney Morning Herald*, 5 January 1998, 12). Director-General Ken Boston, addressing the Australian College of Education awards ceremony in Cairns shortly before these reforms, urged change in the public systems away from behaving 'as if they are monopolies serving the interests of producers ... rather than the consumer group of students and parents for whom schools exist' (*Sydney Morning Herald*, 29 September 1997, 3). The next month the text of his address was printed in full for all members of the NSW Department of Education to see (*School Education News*, 15 October 1997, 2). Dr Boston's message has been 'compete or be depleted' (*Sydney Morning Herald*, 25 July 1997, 15). This is a measured response to the threat of residualisation which appears to have been backed by the incumbent Labor government which has supported curriculum reforms, improved standards and greater differentiation of schools. It is likely that other states will be drawn in the same direction through the Ministerial Council (MCEETYA, the successor to the AEC) which has recently produced a draft of 'Australia's Common and Agreed Goals for Schooling in the 21st Century' which reflects these trends in the two most populated states (NSW and Victoria).

In summary, by removing the restrictive New Schools Policy, the Howard government has created a context more favourable to the expansion of the non-government sector by permitting parents greater freedom of choice in schooling for their children. The implication of the contestability philosophy of the report of the National Commission of Audit has been an intentional diversification of government and non-government schools, another development favouring parental exercise of choice, though not necessarily contributing to the growth of the non-government sector. It is demonstrably in the interests of both Commonwealth and state governments to permit enrolment transfers to the non-government sector, bringing with them increased parental contributions and reduced government budgetary outlays (DEETYA 1996a, 18). The limited Commonwealth capital funding program is unlikely to affect the balance of enrolments in any appreciable way. On the other hand, the EBA mechanism is designed to bring a better balance to the relative benefits derived by Commonwealth and state government from enrolment transfers to the non-government sector. Ultimately, as the McKinnon Review noted (DEETYA 1996a, 19), the biggest increases in budgetary outlays for non-government school recurrent grants have always been driven by election promises. These are neither predictable, nor can they be capped. Even seemingly benign policies such as the Hawke government's New Schools Policy (which ostensibly was designed to regulate the growth of the non-government

sector) actually fostered a 38% increase in non-Catholic non-government school enrolments between 1986 and 1995 (*Educare News*, July 1996, 6). The future may require new ways of addressing the problem of how to balance efficiency, competition, excellence and choice with access, equity, equality and inclusiveness in order to forge an acceptable level of community consensus over the political decisions and administrative mechanisms used to distribute finite funding resources, to regulate providers and to redistribute resources in favour of those with least power in Australian society.

9.4 POLITICISATION AND THE FUTURE

9.4.1 The repoliticisation of Commonwealth funding

After thirty five years of Commonwealth funding for non-government schools, the state aid debate has re-emerged as a divisive issue in Australian politics. At first sight this is somewhat surprising given that, at the end of thirteen years of federal Labor governments, one commentator had observed:

> At the societal level the bitter sectarian and social divisions of the past which required the delineation of education into secular and non-secular systems of education have dissipated. The principle of whether public funds should be used to support private schools appears to be no longer a political issue in Australia (Angus 1997, 158).

As the previous chapters have shown, it has come to be expected at each change of government that Commonwealth funding policy for non-government schools would be altered to reflect the policy mix and national objectives of the new government. In general, Coalition governments' commitment to individual choice has led it to adopt policies which facilitate the exercise of choice. However, it would be incorrect to think that this is choice for its own sake. The Coalition is committed to choice as the means to exert competitive pressure on schools and between systems. Competition between sectors and contestability within the public sector are therefore linked. The Howard government believes that these two forces will produce a more efficient education system, better learning outcomes for young Australains and greater national competitiveness. Its advocacy of literacy and numeracy testing is also part of this strategy. In this way, the nation will be equipped to meet the challenges of globalisation and the impact of new technologies.

This type of thinking has been perceived as a direct threat by public sector unions. Among the largest is the Australian Education Union and its state affiliates. Its defence of the working conditions of its members has led it to seek to repoliticise government funding of non-government schools by attempting to polarise public opinion over the simple proposition that more funding for non-government schools means less funding for government schools. Its leadership still appears to believe that Commonwealth funding for non-government schools is a

breach of the intent of Section 116 of the Constitution (notwithstanding the contrary findings of the High Court in 1981). In the weeks before the 1996 election, the president of the Australian Education Union, Sharan Burrow, captured front page media attention by claiming that it was 'an obscenity' that Sydney North Shore private schools received more than $1 million of public funds each year while public education needed money (*Sydney Morning Herald*, 19 February 1996, 1). Denis Fitzgerald, the then president of the NSW Teachers' Federation added his voice by saying that it was a 'disgrace' 'that public education costs [sic] had been slashed while private schools had escaped close scrutiny'. He went on to claim that 'Funding the elite at the expense of the needy shows the travesty of current funding policies' (*Sydney Morning Herald*, 19 February 1996, 1). The untested assumption is that the needy are confined to the public sector. This is a point recently taken up by the secretary of the Independent Education Union (the industrial representative of many non-government school employees) who pointed out that most non-government schools operate at resource levels that, including Commonwealth and state grants, need a further 20% to reach the state school level (*Sydney Morning Herald*, 16 June 1998). The announcement by Schools Minister, David Kemp, of the new government's proposals in May 1996 brought a characteristic response from Ms Burrows (*Sydney Morning Herald*, 20 May 1996, 3). What is more surprising is that later in the week, Ann Morrow the Chair of the Schools Council revealed a measure of partisanship not expected of the chair of a public body by calling Commonwealth and state funding policies over the previous five years 'scandalous and extraordinary' (*Sydney Morning Herald*, 24 May 1996, 3).

The Australian Education Union began a campaign early in 1998 in support of public education. The principal aim was to eliminate all government assistance, both state and Commonwealth, to non-government schools. It planned an orchestrated campaign leading up to the next federal election to overthrow the Enrolment Benchmark Adjustment. It has also made what appeared to be unjustified claims about the outcomes of the review of the Education Resources Index which it believes will result in 'More cash for rich schools' (cited by *APC Review*, 1/1998, 3). This discourse reflects earlier state aid debates. In contrast, the non-government school teachers' Independent Education Union President Dick Shearman's response was to point out the regressive nature of such a campaign and to emphasise the need for funding justice for all:

> The attempt to exclude from the new Republic [of Australia] those who wish to include a religious or ethnic/cultural foundation to the education of their children is a re-run of the late 19th century debates. Many schooled in a variety of religious traditions do not recognise themselves in the characterisation of special privilege and private choice, often laid upon them (*APC Review*, 1/1998, 3)

Ministers at the state level have also shown themselves willing to use Commonwealth-state funding relations as the justification for state government shortcomings in funding allocations. A recent example has been the NSW Labor Minister for Education and Youth Affairs,

John Aquilina's selective use of funding statistics in a press release supporting strike action by the NSW Teachers Federation against Commonwealth funding policies. In a populist appeal to teachers and parents, he blamed the Howard government of 'massive cuts to public school funding' (News Release, 2 & 15 June 1998). Apart from a generalised reference to $101 million to be cut between 1997-98 and 2001-02, explicit supporting evidence is lacking from these assertions. As already noted, the size of the loss in public school funding (as distinct from TAFE and Higher Education sector losses) was $4.3 million, a mere 0.086% of the NSW government's school funding allocation. This hardly represents a 'massive' cut. It is illustrative of the problem in Commonwealth-state relations where state politicians will shift blame away from themselves for policy outcomes which are a shared Commonwealth-state responsibility. On the other hand, they are often eager to accept credit for the states from benign Commonwealth policy outcomes.

9.4.2 Some contemporary proposals for depoliticising school funding

The Australian Labor Party has recently enunciated its education policy. Previously, *Labor Essays 1997* provided only a brief mention of school funding policies in the context of the 1996 Budget (Beazley 1997, 41-42). In March 1998, Shadow Minister for Education and Youth Affairs, Mark Latham, offered some hints of future directions in Labor policy when addressing the Australian Parents Council (Latham 1998). He argued that the ideological divide between the two major parties had widened. Charging the Coalition with being only concerned with the private good stemming from education, he outlined Labor's approach as an investment in the future. He contended that free markets were unlikely to assist disadvantaged people and places. What Labor will offer is a return to needs-based funding which will equalise schools to a national standard. The key feature will be equipping students to meet technological change in order to overcome disadvantage and to cater for the diversity among learners. He saw the national government's role was to act as a catalyst to support pilot schemes in order to produce innovation. The present funding regime was seen to have led to substantial cost-shifting from states and territories to the Commonwealth, crude cost cutting by the EBA, the absence of sensible planning, and failure of the funding system to respond to the (unspecified) outcomes of polarisation of the labour market.

Labor's remedy will be to introduce a sophisticated assessment of the educational and socio-economic needs of all schools and systems; to create a funding database for all Australian schools; the establishment of a federal-state agreement on a needs-based distribution of funding resources for schools; and recognition of the funding contribution made by parents in choosing to pursue a non-government school education. Quality schools would result. Other features of Labor policy included assisting parents as educators of their children, the better integration of schools and vocational education, the use of multimedia and information technology to cater for

diversity, providing the opportunity to relate learning to life, a strengthening of general education, and early intervention to develop literacy and numeracy skills.

In May 1998, the Leader of the Opposition Kim Beazley, in an address to the Australian Education Union National Conference, also elaborated on Labor's policy directions for school funding. He saw the Coalition 'dragging education backwards', just as it should have been 'surging forwards'. Funding reductions, the Enrolment Benchmark Adjustment and the reliance on private funding were singled out for criticism (Beazley 1998, 4-5). He charged the Coalition with attacking 'the system Labor created to remove sectarianism from Australian secondary education' (Beazley 1998, 6). The key dimensions to Labor's new approach will be collective action, empowering people to act in new ways, developing human capital, seeing education as an important resource for national competitiveness and as a public as well as private good, for which there was a compelling logic for public provision (Beazley 1998, 2-3). Education was not simply a matter of social justice and equity, but also a matter of national development and survival.

The ALP therefore has committed itself when re-elected to recognising federal responsibility to fund education. It will establish a National Commission of Inquiry into all levels of education, including pre-schools, primary and secondary schools, vocational education and training, and universities. From this a new funding system will be created to remove the divide between public and private education, without specifying how this is to be achieved. This system will abolish the EBA and will allocate funding on the basis of acceptable national principles and standards. It will take into account needs. It will also include sensible planning in the development of non-government schools so that existing schools would not be disadvantaged (Beazley 1998, 7-8).

There is evidence here of a nostalgia for the 1970s Whitlam consensus which had been forged by the Interim Committee inquiry. At other points there is a retreat from the New Right approaches of Hawke-Keating Labor, although elements of the New Schools Policy are to be retained. It is projected that the National Inquiry will not only establish policy parameters and advise government, but that it will also have an ongoing administrative function. In this respect, it would appear to be a resurrection of the education commission concept first developed by the Menzies government and expanded by the Whitlam administration. No doubt it is anticipated that part of its function will be to break down the public-private divide and to establish a new funding discourse. Through this it would appear that Labor expects to forge a new community consensus. Beazley offered strong affirmation of the anticipated role of the teaching profession in the inquiry process and in raising future standards. The address gave no details of how this was to be funded. Some critics would see this as an indication of the ALP's continuing to serve the interests of the teaching profession. Others would see it as a promise of distributive politics, the

sustainability of which is problematic when community expectations also expand. The continued use of the language of human capital theory would be of concern to many Labor supporters. There is no indication of the means to be used by the Commonwealth as catalyst, especially with reference to the working relationships with any state governments committed to furthering parental choice rather than Labor's philosophy of collective action.

Two other approaches have been suggested by the authors of recent publications. Both focus on the breakdown of the public-private divide as a way of resolving community dissent. Max Angus from Edith Cowan University in Western Australia (Angus 1997) has argued that recent movement in education have brought closer the integration of public and private schooling in Australia. He has pointed to the numerous instruments or policy levers available to government to achieve this. They include: control over the sectoral balance and levels of funding; the means by which schools account for their expenditure and performance; the content of curriculum and assessment of student outcomes; Year 12 credentialling; the minimum conditions of work for teachers; and, in some states, the preservice and registration requirements for teachers. The tendency of these has been to introduce a greater degree of standardisation between states and between school systems. Although private schools have control over their own intake and are free to develop their own value systems, this is being eroded by a process of 'entrapment' as national frameworks and standards are adopted by state and Commonwealth ministers, who are respectively responsible for school registration and the larger proportion of non-government school funding (Angus 1997, 148). Despite being covered by separate unions, government and non-government teachers are highly unionised and share similar norms, outlooks and interests (Angus 1997, 149-151).

Angus saw the continuation of present trends as leading to a larger private sector which will be required to operate more clearly within national and state frameworks. At the same time public schools have been encouraged or directed to become self-managing. All schools have become more customer orientated and competitive. The majority of schools belong to systems and are therefore not fully autonomous (Angus 1997, 156-157). Angus noted that Senator Ryan in 1984 was the last federal or state minister to assert the primacy of the public education system (Angus 1997, 159). Instead, governments have aided the blending of the two sectors, into a plurality of overlapping systems that serve different purposes. In Angus' view, this is likely to continue, despite fears of residualisation, because of cross-sectoral regulation, the promotion of national frameworks, the movement towards a national unified system of university admissions, the cost-shifting by state governments which has led to encouragement of enrolment transfers, and the encouragement within state systems for schools to become more competitive with non-government schools and each other (Angus 1997, 158-159). The question is not whether governments should fund private schools, but on what basis. This is reflected in Kim Beazley's

acceptance, not of the AEU argument that government should not fund any non-government schools, but that government should fund all schools. The ALP appears to be searching for a new basis from which to overcome what it believes is the social divisiveness of present Coalition policies. Their perception of the extent of this divisiveness may in itself be a reflection of the ALP's capacity to be influenced by the teachers' unions.

Caldwell and Hayward (1998), from their experience of the Coalition government's reforms in Victoria and a philosophical commitment to the concept of the self-managing school, have argued for a changed perception of what is public in schooling and for a changed role for government. Their prescriptions move further down the pathway that the Howard government has followed. They see self-managing schools that are innovative, delivering quality education and enhancing student learning as the outcome. They advocate the decentralisation and devolution of power to the school community. They also argue that any school funded by government ought to be described as 'public' and that the basis of recurrent funding for such schools should be the same (Caldwell and Hayward 1998, 151). They propose the concept of 'entitlement' which would mean that all students are entitled to an equitable basis of support from the public purse. This entitlement will differ, not according to some classification of the school, but according to different levels of schooling with additional elements for special needs of particular students and the location of schools. They expect that the entitlement approach will drive down fee levels in many non-government schools (Caldwell and Hayward 1998, 153-154). They have also given more attention than Labor to where funding is to be derived, especially in the light of public expectations of tax reform. They argued that exclusive reliance on public funding is no longer realistic and that it is a delusion to think that government schooling is free (Caldwell and Hayward 1998, 133-136). They advocate that the role of government is to stimulate vigorous community debate on what is desired from schooling and how the foundations for lasting reform might be laid.

With regard to funding, Caldwell and Hayward advocate that government should be responsible for funding the entitlement and that all schools should be able to set fees on a scale to be determined by their governing bodies. However, schools operated by governments should not be permitted to raise fees to cover the cost of tuition. A means-tested provision would exempt parents on low incomes from paying a fee. The overall level of public resourcing for some schools would need to be at a level that is considerably higher than at present, given the level of educational need that exists and the relatively low levels of fees that may be feasible (Caldwell and Hayward 1998, 152-157). They argue that all this should be part of a redesign of schooling.

Whereas the Angus scenario saw an extension of present trends leading to a breakdown of the public-private duality, the Caldwell and Hayward prescription is more reformist in the

direction of promoting greater freedom of choice and capacity to exercise that choice. Their prescription also enhances contestability (as proposed by the National Commission of Audit). Whereas the Beazley scenario promises a return to distributive funding and conjunctural policies in the interests of forging a new community consensus and the depoliticisation of Commonwealth funding, it is lacking in details on how this is to be achieved and, more importantly in the light of the 1975 funding crisis, how this is to be financed. The Caldwell and Hayward proposals are far more radical. They promise a full redesign of schooling and a redistribution of funding using a different set of structural policies. There is the potential in their proposal to address the equity, access, inclusiveness and equality concerns while overcoming many of the problems of residualisation of the government sector by enabling government schools to become even more competitive. Competition is seen to deliver the efficiency, accountability, quality and choice. But at what cost? They recognise that such radical change will elicit vigorous community debate. This may not be conducive to consensus, if political consensus is the government's primary goal. The experience of reform in Victoria under the Kennett government suggests that a greater focus on achieving better student learning outcomes may in the end be more productive of community satisfaction than consensus for its own sake. What is clear is that Australians have been unable so far to find a satisfactory sustainable middle path between the universalism of the public monopoly of the government systems of education and the particularism of unregulated choice of the non-government alternative (Gutmann 1996). At issue is whether Australians can engage in political discourse and a resolution of this century-old state aid conflict so that each side of the debate achieves a 'win'.

At a deeper level, contention continues because of the ideological differences over what constitutes the 'Good Society'. It is reflected in the rhetoric and approaches adopted by pressure groups and those who support them. Those who support non-government schools generally affirm individualism and pluralism - that there needs to be freedom for individuals and groups to pursue their own paths in society. The task of government is both to preserve and facilitate this freedom. Those who support government schools emphasise comprehensive education and equality for all. They stress the importance of the public school for the socialisation of its students for active participation in democratic Australian society. The task of government is to promote unity and harmony through its primary (or exclusive) support for public schools.

These are not simple issues to resolve for, as this survey has revealed, the question of Commonwealth-state relationships complicates matters still further. Since school funding remains an area of government activity where the states have the Constitutional responsibility, the Commonwealth's introduction of the notion of shared responsibility in the national interest, and its attempts to influence policy directions through the power of the purse, mean that funding allocations can easily become a contested domain. Despite the 1989 Hobart Declaration by the

Commonwealth and state education ministers about common goals, there has not been agreement on the appropriate mechanism for achieving them. Likewise, although the Howard government abolished the New Schools Policy, the South Australian state government has reintroduced almost the same administrative mechanisms as a barrier to Commonwealth policies. Other states have also looked at doing the same. There is no indication that such differences in policy outlooks between the Commonwealth and the states will not continue into the future. Such political realities tend to act as a brake on the radical reforms of the type proposed by Caldwell and Hayward, whatever their educational or economic merit. Also there remains the bigger question of how the electorate can be conviced that radical reform is in the community's best interests and that it will not lead to further division over Commonwealth school funding policies, with the consequential loss of social harmony.

9.5 CONCLUSION

After more than three decades of change, it is clear that there are a number of political realities which need to be taken into account in any consideration of public funding policy for non-government schools. This applies equally well to the past and present, as well as to any future directions such policies might take. There is no reason to anticipate that the future with respect to Commonwealth funding policies for schools will be significantly different from the past. This is amply illustrated by the direction the ALP is currently following.

The first consideration is that, because Australia is characterised by a diversity of people and viewpoints, full agreement on any issue is unlikely. Contention will always exist over government policies and administrative mechanisms. No matter what form funding takes, funding of non-government schools is, and will remain, contentious. A variety of views will always be present about the appropriate role of government, about the sort of society Australians should work towards, about the sort of schools such a society should foster, about who should own and manage these schools, and about who should fund them. The central issue of political management for government will always be how to minimise the potential conflict in the contemporary context. This study has shown that past solutions tend not to be durable simply because new factors emerge to upset previous solutions.

Radical proposals of the kind advocated by Caldwell and Hayward, although administratively feasible, are politically contentious. Governments will tend to avoid them, at least in their pure form, simply because of their potential to create division. Only when a government has a strong and demonstrable mandate and the outcomes have a high level of predictability, will it be inclined to introduce a radical reform. This has been demonstrated by the unwillingness of successive governments to embrace the principle of funding individuals (through vouchers or some form of educational credits that can be cashed in at any school),

rather than institutions. Governments generally have to compromise by developing more electorally palatable policies and funding mechanisms.

Parental choice of the schools in which their children will be educated always has been and will continue to be a permanent feature of Australian society. The extent to which governments will or should fund the exercise of this choice is a political matter. It is now broadly accepted in Australia that, as a matter of social justice, governments should fund all registered schools. The extent to which various categories of schools are funded will be answered differently by governments, depending on their political philosophies, their priorities, the expectations of the community and the resources available to them. It seems highly unlikely than any Commonwealth government would accept the Australian Education Union argument that it should only fund government owned and operated schools. To contemplate withdrawing funding from the schools which educate 30% of Australian children would be politically inept.

In a pluralist society such as modern Australia, the challenge is to find an acceptable and uncontentious balance between the rights of the individual and the good of society. In this lie a range of choices open to government where education must be seen as both a means and a product. A discernible sea change has taken place during the period under investigation. This has involved a change in focus from resource shares to outcomes. This has been an important change, given that the task of schools is to educate, not simply to consume inputs, especially where such a large proportion of these are allocated to the employment of teachers. Issues of efficiency, accountability and demonstrable change are allied to this change of focus.

A recognised function of government is to protect the weak. Any insistence on government support solely for the dominant culture or mode of provision of education is unrealistic. As well as being politically contentious, it involves fundamental social justice issues of access, equity and opportunity for all citizens of the democratic state. Where the particular lines will be drawn depends on the driving political ideology of the government in question.

Since education is now a shared Commonwealth-state responsibility, finding solutions to these political issues will also mean the Commonwealth working within constitutional constraints to motivate state and territory governments to work cooperatively to achieve particular outcomes. This study has shown that this is problematic. The states and territories can be cajoled into cooperation under the present Commonwealth-state financial relations, but that they will resist any attempt by the Commonwealth to impose accountability for section 96 specific purpose grants.

Further research is needed into the politics of state and territory non-government school funding policies. There is also a need for clearer delineation of the interaction between public

sector unions, particularly the Australian Education Union and its affiliates and ALP government at state level and the impact this has had on state government decisions regarding the funding of non-government schools. Greater attention than has been possible in this study is required for a proper understanding of public sector management reforms on the administration of school funding policy.

Whichever path Commonwealth governments may take in the future, it is clear that it is impossible to sustain for any length of time a distributive approach to school funding, simply because of the way in which community expectations expand at a faster rate than the available means. Governments are forced to choose between regulatory or redistributive mechanisms in the interests of the efficient use of national resources, thereby creating the potential for dissent among those who see themselves as disadvantaged. In the absence of any new initiatives, Australians will have to endure dissent from time to time as each Commonwealth government chooses between these alternatives in school funding in order to implement its own ideology and to meet the demands of its supporters. Changed circumstances may in the future see a shift away from individual rights and satisfying individual needs towards what is in the best interests of society. What is unlikely to change is the heterogeneous nature of Australian society and the plurality of viewpoints held by its members. For this reason, Commonwealth governments will always be confronted with the task of depoliticising their choice of allocational programs and funding mechanisms for aiding non-government schools