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## State Aid for Education in Australia: An Overview

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# STATE AID FOR EDUCATION IN AUSTRALIA

## AN OVERVIEW

The education industry in Australia is a sizable one with a large segment of the population affected by employment in education. Private education makes up about a third of the total pupil enrolment in the country. Over the decades around 90 percent of the students in private education have been in Catholic primary and secondary schools in Australia, and so that is the system which carries the greatest political impact. The remaining 10 % or so of privately schooled Australian students are in non-Catholic private schools and Adventist schools make up a very small proportion of those. With just 11,510 pupils in our 48 schools in Australia in 2012, plus 910 in our early learning centers, our political impact has always been negligible.

To understand what is happening today we need to look briefly at the history of education in Australia. The first period is that between 1788 and the 1850's — the days of the 'convict era'. During that time education was almost exclusively in the hands of the churches. There were no state schools in Australia during the first 60 or 70 years of settlement. Schools existed because churches, motivated by humanitarian interests, were concerned about the welfare of the children and sought to educate them. It was not until the days of Governor Bourke in the 1830's in New South Wales that the government got involved in making grants of land and money to the churches to operate the schools, but even then the schools were entirely church owned and operated.

Then we had the period of self-government which came to the colonies in the eighties. The first self-governing state was New South Wales in 1855, followed by Victoria, South Australia and Tasmania and then Queensland in 1859. This is an interesting period as far as the development of schools is concerned because some of the Australian colonies immediately started to think in terms of government responsibility for education even before England, the 'mother country', had. The Forster Act was passed in Britain in 1870, followed by further legislation in 1872. Those Acts in the British parliament were the first moves to establish free, secular and compulsory education in England. Up until then British schools had been entirely church schools like the Australian schools. Charles Dicken's works, "David Copperfield" and "Great Expectations" typify what many of the poorer class English schools were like. They are accurate historical descriptions, not fictional exaggerations. It wasn't until 1870 that the idea of government responsibility for education began to take hold in England. That concept however was already being applied in some of the Australian colonies. By

1890 the last of the Australian colonies, West Australia, had become independent. Whereas the eastern colonies had ceased to accept convicts in 1840 we find West Australia asking for convicts right through to 1890. The gold rushes of the latter half of the nineteenth century provided the new wealth which gave impetus to the whole of Australia and all of the colonies came to think in terms of some independence from Britain.

In 1901 the Australian Commonwealth was formed and the colonies were federated into a national identity. This period in history is of interest to us as Adventists because the 1885 was also the birth year of the Australian Adventist Church. It was established in the time period when the impetus towards federation and a national constitution was moving forward. There was involvement by Adventist pioneers in representations to the federation movement to have included in the Australian Constitution such issues as the strict separation of church and state. We need to remember our Adventist pioneers came from the USA and likewise many of the Australian politicians who were involved in the creation of the Australian Constitution were very much influenced by the American Constitution. In fact the Constitution for the new Commonwealth of Australia was virtually a compromise between the American model and the Canadian model and the two were brought together under a constitutional monarchy rather than a republic. However republicanism was not unknown among the Australian political activists of the time. The concept of the strict separation of church and state, which became a part of the Australian Constitution, put an end to the whole idea of the government supporting private church schools.

Therefore the first half of this century from 1901 through to World War II was a period in which there was no financial support to private schools. This severely impacted on the Catholic Church, the strongest denomination in terms of numbers.

Nineteen forty two was a watershed year in Australian history. First of all because of World War II, the Commonwealth Government took back from the States the powers of taxation and became the holders of the purse. That transition changed the weight and power of the Commonwealth Government. The Commonwealth Government had been a nominal power in Australian politics up until World War II. After all, the capital city Canberra, was not even built until 1927 and before that the Commonwealth government operated out of some offices in Melbourne. The Commonwealth was initially a relatively feeble feature of Australian politics and each State was still the more powerful of the governments in Australia, but with World War II came a complete change in that the Commonwealth took control of the national finances.

The threat of invasion also generated a shift in the national attitude. Up until 1942 the whole orientation of Australian government politics had been toward Britain. With the fall of Singapore and the immediate threat of invasion from the Japanese forces, Australia was saved by the American fleet at the Coral Sea Battle in May of 1942 . If it hadn't been for that victory, the northern part of Australia at least, would have been occupied at that time and the direction of history could have been totally changed. Thus 1942 really is a transition year in Australia's orientation. From 1942 onwards there has been an increasing orientation towards the USA which has lasted right through until our present time where we have had America calling for assistance in the Persian Gulf and Afghanistan and we have responded with the deployment of Australian Air-force, Army and Naval units

Something else happened that is also of some further significance. Before World War II was over, the British Government took an action which influenced the Australian Commonwealth government. In 1944 the British government took over financial responsibility for all of the schools in Britain. In other words it 'integrated' education in Britain and funded all of the church schools which continue to be so financed today. Under the stress of war the 'independence' of the private school sector in Britain was virtually given away for the sake of government support.

What happened to schools in Australia? An immense immigrant population poured into Australia after World War II. Even though migration was mainly British there was also an increasingly strong mixture of both northern and southern Europeans. The years immediately following World War II saw the formation of the United Nations and the Declaration of Human Rights. In Australia, the Catholic political arm, the Democratic Labor Party, (DLP) became a major force during the immediate post-war years. One of the things the DLP consistently argued for was government assistance in the operation of private and church schools. That support began to grow even though the DLP was virtually wiped out of existence in 1955 as a political power. However the Catholic church had made substantial progress in gaining the sympathy of politicians to its demands for some form of support. In 1957 when Sputnik circled the globe for the first time, there was a new awareness of the role of education. Just as in America there was a sudden re-examination of our technological position. Here was a country, the USSR, which had been considered inferior in its education program and in its technology, outstripping the USA and the West. The setting up of the Department of Education and Science in America with the accompanying Federal grants and the Federal involvement in support for secondary education, particularly in science and

mathematics teaching, was a feature of the early 1960's under the American Kennedy administration. This experience was reflected directly in Australia.

Prime Minister R.G. Menzies organized a Department of Education and Science as a department of the Prime Minister's office and appointed Malcolm Fraser as the first head of that Department. It was under this regime that in 1965 the Commonwealth government made its first grant for science laboratories in Australia and the Adventist church was one of the first to take advantage of the program. There were no strings attached — it was a straight-out grant. If you qualified; that is, if you had sufficient students in the senior portion of your school and you had inadequate science facilities, in the opinion of the inspector who was appointed to assess your school, then you would become eligible for a grant. Carmel College was the first Adventist school to get a science laboratory under this program. We should also remember this the Menzies government which promised assistance in Vietnam. Later we have Harold Holt and his slogan "All the way with LBJ". In Australia the whole period of the middle to late 1960's was a direct reflection of American policy. The impact on education was such that now we had the Commonwealth government deeply involved in education even though, according to the Constitution, education is a state government responsibility. Thus, in Australia during the Kennedy era and under the example of the USA with its Department of Education and Science and its Federal grants, Australia was doing the same thing, and the "All the way with LBJ" applied not just to sending troops to Vietnam; it even applied to the way in which it was funding its education program.

Before long the government also provided libraries grants as a result of agitation from the educators themselves. This came about as a backlash against the idea that mathematics and science should be given predominance in the school program. Why should mathematics and science be the subjects which should get the particular attention of the Commonwealth government when really all of education deserved it? Consequently, the Commonwealth government, in an attempt to pacify that sort of agitation, provided libraries grants.

Parallel to these grants, the Commonwealth government had also begun to offer some assistance directly to parents. Government began to offer a series of limited deductions through the taxation system for education expenses. In addition to that, in some states, South Australia was one of them, there was also an actual per capita grant that was offered to the non-government schools from the state. It was a very nominal amount but it was the first direct attempt to offer direct cash assistance, other than a taxation deduction, beginning in the late 1950's. These benefits to private education were

arguably a reflection of the Democratic Labor Party. It was really a political strategy with which the DLP sought to win the Catholic vote.

The early 1970's were marked by a change of government with the Whitlam Labor administration being a big spender. The two most outstanding things that Gough Whitlam did in his first 100 days in office were to bring back the troops from Vietnam and to remove all university education fees and make it free. The 1970's saw a tremendous upsurge in the Commonwealth's expenditure on education. Accompanying that was the Carmel Report, among others. Peter Carmel in the 1970's was one of the most influential educators at the Federal level and by the end of the decade the Commonwealth had established the Schools Commission. The main function of the Schools Commission was to organize and supervise the distribution of Per Capita grants directly to schools from the Commonwealth government. The Commonwealth government recognized that education was not its immediate constitutional responsibility but was prepared to carry on the impetus started in the late 1960's with the science and libraries grant.

The Commonwealth Labor government also saw education as a major tool for social reconstruction and in support of that goal, committed itself to match dollar for dollar whatever the states gave to private education. No state could afford not to accept that sort of funding and so from the mid 1970's onwards Australia has had this dollar for dollar matching recurrent per capita grant to private schools. Between 1975 and 1983 the Liberal Government of Malcolm Fraser was in office. He had been the Minister for Education and Science in the Menzies government, the first one ever, and demonstrated his interest in perpetuating the Commonwealth involvement in education. Those who remained opposed to state aid formed the Council for the Defense of Government Schools (DOGS) in 1965 but by 1967 every Australian Parliament had state aid legislation under consideration.

The Schools Commission became well and truly organized, instituting such things as the Schools Recurrent Resource Index, (SRRI), which began to measure the needs in schools and the concept of a 'needs-based' funding originated there. The Australian Labor Party in the Hawke years conveniently claimed it conceived the notion of seeking to perpetuate social justice by 'needs-based' funding. That is historically not supportable because the Schools Commission, prior to 1983, already had a needs-based measurement for funding.

The Hawke Labor government which came to power in 1983 immediately sought ways in which to modify and change, but not diminish, the Commonwealth involvement in funding of education and continued with the Schools Commission until 1987 when it set up the following structure.

This consisted of the National Board of Employment, Education and Training (NBEET) which is an advisory body to the Minister; and then an executive branch known as Department of Employment Education and Training (DEET) to implement the policies. There was some conflict between those two departments because NBEET wanted to expedite policy implementation and DEET wished to make its own policies. Thus there was tension between the two bodies that served the Department of Employment Education and Training and the then Minister for Employment Education and Training.

It should also be noted that in the period between 1975-80 there grew a very substantial opposition to government funding for private and church schools, mainly from the state teacher unions. A lot of other interest groups joined in and even the Australian Labor Party, which was then in opposition, lent some support. The Defense of Government Schools (DOGS) group made a constitutional challenge which went to the High Court of Australia in 1980 and Dr. Gerald Clifford, South Pacific Division (SPD) Director of Education, was involved in that case before Justice Lionel Murphy. The whole purpose of the challenge was to try and overthrow the basis upon which the Commonwealth was giving funding to non-government schools. The challenge was based upon the Constitutional clause demanding the strict separation of Church and State that had been so strongly supported by Adventists in the 1890's. The High Court ruled that in providing education the non-government schools were entitled to assistance because they were relieving the government of its burden.

Consequently the period of most rapid growth of the private education sector took place in the ten years after that case. The DOGS had based their case on the proposition that the Commonwealth actions of supporting non-government schools gave those schools a distinct advantage because non-government schools were already funded by the fees the parents contributed. The DOGS reasoned that people who could afford to put their children in a private school and then received government funding on top of that, were getting an unfair advantage over the rest of the population. Their arguments were based upon social justice and constitutional right according to the law. The irony of course is that they lost the case on the grounds that the private sector of education was relieving the government of a burden and was saving the Commonwealth and the tax payer

money because if all the private schools were to close then the burden would become excessively heavy.

As an illustration of this, Bishop Cullinane of Canberra and Goulburn closed his schools in 1962 and sent 1,000 Catholic students to enroll in the local public schools which could accommodate only half of them. Seeing an opportunity to divide the Catholic Church from the Labor Party which was opposed to state aid to schools, Prime Minister Menzies and the Liberal Party adopted a position of support for state aid to private and church schools and won the 1963 election. Menzies would probably have won anyway and so the most remarkable thing about this instance is that these events showed that the issue of state aid to schools was no longer the century old 'hot potato' of politics it had once been. A significant proportion of the community was now supportive of state aid to private and church schools. In 1974, the State government of Tasmania was in financial difficulties and the Premier said, "Look, the only way we can save money is to no longer give any assistance to private schools" (because Tasmania had been giving per capita assistance to non-government schools already). The very next day Archbishop Phillip asked for time on Channel 7 in Hobart where he challenged the Premier and said "If you cut off funding to us I will close every Catholic school in Tasmania tomorrow." In 24 hours the Premier had reversed the decision and the private schools continued to get their funding.

Today this power, wielded by the 90% or so of the private schools student population that is served by the Catholic church is really the main driving force. That is the motor behind the whole non-government funding issue. The Commonwealth government recognizes, and the State governments recognize, that to now deprive public funding to non-government schools would be a most unwise political action and they would reap the penalties for it at the ballot box. That is why in 1983, even though the Australian Labor Party had backed much of the DOGS' case, came into government it reorganized and increased quite dramatically the proportion of government funding going to private schools, and the private sector grew rapidly up until about 1990.

By then the total pupil enrolment in Australia had come to a plateau, even diminishing in some sectors. The birth rate in Australia had reached a less than zero population growth and consequently there was greater competition for a diminishing supply of pupils. Another factor was that the government schools had taken up the challenge of trying to improve the quality of their education to compete with the non-government schools. They had seen the sort of academic successes the non-government schools traditionally had, taken up the challenge and sought to lift their game. In New South

Wales when Metherill became the Minister for Education in 1988 one of the first things he said was, "My job, my challenge, is to make the government schools so good that we will stop this drift to the private schools" and he saw himself, and presented himself, as the Minister for 'Repairing the Gap' in the educational standards and improving the government schools so they would compete. However, the economic situation in 1991 was probably the major impact in that fewer parents were able to cope with the costs of private education and consequently forced many parents to rethink and we had a diminishing growth, for the first time in 10 years, in the non-government education sector.

There were two very important trends which must be acknowledged, as during the 1980's particularly, education became highly politicized. John Dawkins, as the Minister for the Commonwealth Department of Employment Education and Training has a very political agenda. He went public repeatedly, stating that his concern was for the re-organization of education — primary, secondary and tertiary, to be used as a tool to do two things:—

1. To assist in the economic re-stabilization of Australia as the country has gone through a period of turmoil economically. Dawkins saw education as having a major functional role in restoring the economy of Australia and he wanted to use the powers of the Commonwealth and its funding in such a way as to place the emphasis on particular types of education that would improve the economic performance of Australia.

2. Dawkins also saw education as a major tool for social justice and social reconstruction, a viewpoint he did not attempt to hide. So we had a situation where the Commonwealth government was seeking to use its funding strength as it had become a major funder of education. It completely hijacked tertiary education, with the 'unified national system', and under Dawkin's leadership totally taken over funding of higher education in Australia. The number of tertiary institutions was reduced, through amalgamations, from over 70 down to 30, and the Commonwealth government gained complete control of the colleges and universities in that way. Dawkins did not want to stop at tertiary education. His document "Strengthening Australia's Schools," published in May 1989 clearly indicated that he had his sights set on the primary and secondary sector and reconstruction of them in such a way as to achieve the goals mentioned above. Politics in education had assumed a major role in determining its directions.

In New South Wales, Metherill used the education system as a political tool. In the 1990 Education Reform Act the NSW government sought to gain a greater measure of control not only in regard to such things as enrolments and distribution of students, but right down to actual curriculum matters. For example, written into the Education Reform Act of May, 1990 in NSW, there was a prescription that all secondary schools in NSW must teach a foreign language by 1996. Nowhere else in Australia had any Education Act ever been so detailed in its prescriptions with regard to curriculum matters in a school. Politicians' views about education were becoming more and more intrusive, with almost a competition between the States and Commonwealth for influence. A national language policy document was released by the DEET office in which the same concept of the whole nature of learning foreign languages and the impetus to bring about a reform in language teaching in Australia was to be taken up by the Commonwealth government.

To a large extent then, it then depended on the State minister and the State government as to whether they want to take the lead or whether to hand over the initiative to the Federal government. Metherill even changed the name of his department here in New South Wales and called it the Department of Education K-12 or Department of School Education, acknowledging by the very name of his department that tertiary education had become a Commonwealth responsibility. He gave up the tertiary sector totally and no longer laid any claim to it, contrary to the Constitution. In the amalgamation of tertiary institutions in Queensland, Dawkins, the Commonwealth Minister for Education rode rough-shod over any opposition and that happened in every state. The implications of that for Avondale College were not good because whereas Avondale College, up until the introduction of the unified national system, had been able to align itself up with other Colleges of Advanced Education (CAE), and it found itself totally isolated as there were no longer any CAE's. All the CAE's had been 'forcefully' amalgamated with other tertiary institutions to form universities.

So much for the politics of it. It is important to now have a look at what had happened within the Adventist Church in regard to government funding policies. What follows is simply a calendar of the major policy developments. It is very difficult to place a specific date on each change but probably the most significant point is that before 1965 the Church refused to accept any funding from the government at all. The money that did come to a few of our schools, such as in South Australia, was accepted with the rationale that it was money paid directly to the parents and not to the Church. The first time the Church actually accepted direct assistance was 1965 with the science grants, and then the library grants, followed by recognition of the recurrent grants. In the

period from 1970 right through to 1983 the Church accepted recurrent grants on the basis of an agreement with the Commonwealth government, that the Church would use that money at its discretion. Internally it had been decided those funds would be used for capital works only as the agreement with the Commonwealth government was based on the word "equivalent." As long as government continued to accept the concept the Church was spending at least an equivalent sum in its regular expenditures for the operation of the system schools then it could accept the recurrent grants and do as it pleased with them. However, after the DOGS case in 1980 increasing pressure was brought to bear upon the Church over this agreement in regard to 'equivalency'.

There was also an internal problem. During this period of the late 1970's with the application of capital grants for science grants and libraries and then the application of the recurrent grants to buildings, the Church had begun to refurbish and rebuild its schools to a level that was becoming an embarrassment. First class facilities were built costing considerable money to staff, to maintain, and to run. This was a period of rapid growth in Adventist education and by the early 1980's the Church found itself in a position where it was experiencing two significant pressures. One was an external pressure from the government indicating the "equivalency program" was no longer satisfactory and internal embarrassment because the Church education program was starved of operating funds and had a surplus of capital funds. In short, the Church could afford to build schools it could not afford to operate.

In May of 1981 it was agreed that from January, 1982 each Conference would keep a separate ledger in which to record the total financial activity of its education system with separate bank accounts, investment accounts and asset registers. The change to operating a totally separate ledger was a result of the increasing accountability being demanded by the Schools Commission. The Commission was saying it wanted the Church to be accountable and that the old 'equivalency' understanding was just not good enough. In other words government wanted to know precisely what the Church was doing with its money thus the move to separate ledgers.

Later in that same year, in November of 1981, it was agreed all general education operating expenses at conference and school level (excluding regular teachers wages, allowances, wage related expenses and conference administrative expenses related to education) could be funded from government recurrent grants. Thus by late 1981 the Church agreed to separate ledgers and that anything not directly related to teachers wages could be paid for from government funds. This way the Church started to dip into the capital reserves that had been built up.

Nineteen eighty three was a major watershed year for the whole policy, in fact a turn-around. In September 1983 it was decided that government education grants would be accepted to assist in financing all aspects of school operation, including wages and wage related expenses, provided the conditions of acceptance do not conflict with the following guidelines:—

1. The philosophy — the school must represent the values and lifestyles of the Seventh-day Adventist Church. This must not be compromised under any circumstances.
2. The purpose — SDA schools are maintained for the distinctive purpose of inculcating Adventist Christian principles.
3. Financial support — Government contributions may be received provided such assistance does not interfere with the spirit, intent and provisions of the stated objectives of the SDA church.
4. Unacceptable aid — Any financial support shall be declined which jeopardizes the unique purposes of the church, particularly with reference to the employment, recruitment, transfer or dismissal of teachers, support staff or in the composition or function of school boards, pupil admissions and the curriculum.
5. Independence — In order to assure independence each conference will be required to establish a buffer fund within five years equivalent to twice the annual grants received.
6. Annual review — An annual review by the respective administration and the Government Education Grants Committee shall be undertaken to monitor the degree of involvement of schools and systems in receipt of government grants.

In essence the new Commonwealth Labor Party government in 1983 said, “No more of this gentlemen's agreement; you can accept the money but it has to be on our terms. That means it must be spent on what we give it to you for, which is for recurrent operating. After all they are called recurrent grants! We want you to use them this year and you can't save them for use later.”

As a result of that external pressure, and our own internal problems with operating needs outstripping those of capital development, this new policy was adopted. One of the subsequent actions on the same date was the Government Education Grants Committee's recognition of the importance of maintaining a high commitment by the Conference and the church constituency. The sum of Conference contributions, tuition fees and church allocations was to be set at a level at least equivalent to the annual teachers wages and teacher related expenses budget. So here there was an attempt internally to try and maintain the burden at a previous level on the parents, the church, and the conference so that the Church would not become too operationally dependent upon government grants. Time has shown that in most conferences this intent was not implemented.

The contracts for science and library grants, which began in 1965, stipulated that the provided facilities must continue to be used for the purpose for which the grant was given for 20 years. Any capital grant that the Commonwealth government gives, even today under the Block Grant Authority, (BGA) has the same tag - it says they must be used for the purpose for which the grant was given and they will be amortized over a period of 20 years. If perchance a school was to close after 10 years and it had been established under a block grant, the residual value of it, amortized over a period of 20 years, would have to be repaid to the government.

It is understandable that there was a segment of the Church opposed to accepting government funding. There was another portion of the Church which maintained the money was going to the parents. The government was not giving adequate education expense refunds on taxation and therefore this was not State aid to the Church, just purely 'assistance to parents'.

Dr E.E. White, the Division Education Director in the 1960's was resistant initially to the whole idea of government funding. Carmel College was one of the first schools to put in an application for a Science grant and had difficulty obtaining permission from the Church to go ahead and accept what the College had obtained approval from the Commonwealth government to do. Professor Selby Smith was the local science representative and he came and visited the College, looked at the enrolment, looked at the facilities and said the institution was eligible for a laboratory and that the Commonwealth would certainly fund one. Then the administration had to persuade the Church to give permission to accept what the Commonwealth was ready to hand over. The end result was that such assistance became acceptable provided it was a straight grant with no ties other than the amortization the government interest in the investment.

There is no doubt it was a significant shift in the progression because from there the Church began accepting libraries grants. From libraries, recurrent grants became acceptable. Recurrent grants until 1983 were accepted for buildings only and in 1983 the Church came to the watershed decision to accept government money for operating including support of teacher wages.

Since 1983 the only changes have been to the system of book-keeping and accountability to the Commonwealth. Now the Adventist education system has had 'resource agreements' in which the Commonwealth says that it will continue to fund the program at the per capita level it is entitled to, providing it enters into an agreement that the schools are also engaged in achieving some of the educational objectives government has set as priorities. The whole year of 1988 was spent arguing with the Commonwealth government on the terms of those special objectives and it wasn't until April 1989 that the agreement was finalized. Interestingly enough the Commonwealth's original set of objectives were about six or seven foolscap pages in length. The final result was just 10 points, less than one page of relatively innocuous statements about educational objectives so broad that almost any school can accept them.

Monitoring this activity was the responsibility of the Associate Director for Government Education Affairs in the South Pacific Division office — Rommert Spoor. His task was to constantly monitor Government activity and uphold the interests of the Church accordingly. He was a member of a number of Commonwealth committees in Canberra which negotiated with the government. Every year the government produced a new set of guidelines in regard to its Commonwealth grants and he went through those guidelines line by line, page by page, to make sure nothing had been slipped in that was not in the interest of Adventist education.

At that point there were no resource agreements with state governments. However, the state governments were liable to create problems for the Church in their legislation of curriculum requirements, and this is where they needed careful monitoring. For example, the Adventist Church in Tasmania had the situation where the government there wanted to switch from a per capita distribution of its funding to a needs-based funding similar to the Commonwealth and the Church made a submission to try and head that off because the end result would mean it would get less and the Catholics more. All other states in Australia, except Queensland, distributed state funding then on exactly the same basis as the Commonwealth. For instance, if a school was entitled to level six funding by the Commonwealth then the States gave them the same level of

funding. However, Tasmania did continue with a straight per capita distribution which was to the advantage of our Church there at the time.

There are a couple of reasons why the Catholic systems are so strongly funded. Firstly, they charge very low fees. Secondly, they subsidized the schools from the parish by providing multiple benefits to their teaching 'orders'. For instance, one Catholic school in Tasmania was staffed by five nuns. Those five nuns lived in one house together, were given one free car by the parish to share between them. Their extremely low wage was a composite living allowance as it were and consequently they were able to run their schools very cheaply. Back in the 1970's, when the Adventist schools were charging about \$120 a term in tuition fees, they were charging \$18. It is true many Catholic schools have had inflated costs in recent times because they have had diminishing numbers of orders teaching in their schools and increasing numbers of teachers they have to employ on the award wage. However, what they have done to try and offset the situation there is run at a very substantial debt level. In other words Catholic schools run up an intentional operating debt to the parish. They borrow money from the Church. The Church does not actually give them operating grants. Instead it gives them operating loans and charges them interest accordingly. The interest can then be claimed from the Commonwealth as an expense. The Catholics have gone very carefully through the rule-book as it were and manipulated their book-keeping in such a way as to extract the maximum benefit. They do that because they believe, and they constantly reiterate their opinion, that the government should pay the whole bill because they are relieving the government of an educational burden.

Furthermore, the Catholics said then they did not attempt to offer an education program that is in any way different from that of the State. For example while Adventists talked about the integration of faith and learning and that the Church is offering a distinctive program in every subject, the Catholics in Australia maintained they offered the same curriculum as the state coupled with a religious studies program offered independently.

So — how did it all work out in practice for the Adventist Church? During the early to mid-1980s when government grants were first used for operating, enrolment grew strongly and schools expanded to the point where in several Conferences there were more teachers employed than ministers and this was a concern to some administrations which tried, without success, to restrain that education system growth. However by the early 1990s Conferences across Australia were typically experiencing financial stress and the blame for that was placed squarely on the education system of the Church.

This was not a reasonable assessment as several factors were at play in developing that financial difficulty.

1) Initially, when government funding was accepted for operating, the Conferences had large education reserve funds but these were soon significantly reduced.

2) During the mid-1980s interest rates were at double-digit levels and the initial substantial reserve funds therefore generated considerable income for the Church. When interest rates returned to more normal levels, those Conferences which had used the high interest income for operating, such as to fund new ministerial field worker budgets, soon found themselves in some difficulty.

3) Interest income in denominational accounting protocols is always 'off budget' and when both Conference and education accounts were all held in the same ledger the interest earned from education reserve funds were of considerable assistance in funding the general program of the Church. With the division of the ledgers described earlier, the interest earned from the education reserve funds was no longer available for general church operations. In some places the impact of this was significant.

4) Adventist Church financial policies have always been very conservative in dealing with debt. Mortgages had a 10 year time limit and balanced budgets were important and a matter of pride for Conference Treasurers. The end result is that unlike the Catholic Church which set up its finances to appear indebted, the Adventist Church reported debt levels of around one third the national per capita student average for church and private schools. The net effect of this was that the Church represented itself as a prosperous education system to government and this resulted in funding levels in the 4 – 6 range compared with the Catholic system which worked hard to achieve the maximum funding level of 12.

5) Conference Treasurers have always had enormous workloads and it is understandable that in the early years of government recurrent funding for the Adventist schools, they did not have the time to master the government census reporting procedures and that reporting, usually done in a hurry and under pressure, close to the deadline for submission tended to be at some variance to the later audited accounts for the year. This rather casual approach in time led to the Adventist system being funded several levels below its entitlement; levels 4 – 6 instead of the levels 7 and 8 most would have qualified for had the reporting been more carefully done.

For example the Commonwealth reporting system had some items which were ‘flagged’ which meant it expected schools systems to spend a minimum in some areas of expense but not so much as to also negatively affect funding. These requirements called for some sophisticated attention at reporting time. The Jewish schools in Australia thought this so important they employed Ivan Port as an independent consultant for the sole purpose of extracting the maximum benefit from their reporting — and consequently they did it very well.

Compounding all this was that the annual adjustments to recurrent funding were based on the education reporting of four years previously. Thus more careful reporting would not benefit the Adventist system in the short term. Even so, Rommert (Bob) Spoor the then Government Education Liaison Officer, did help several conferences improve their reporting procedures and this was appreciated but was also frustrating as it would take those four years to actually improve their financial positions. This writer and Bob Spoor discussed the possibility of asking for a Commonwealth audit of education ledgers of Conferences willing to participate in such an exercise as that process permitted an immediate adjustment of funding levels; but there were risks in such an approach and there was not much enthusiasm in the Conferences for that to happen.

Dr. Bruce Youlden succeeded Rommert Spoor in the Government Education Liaison role and he did put those audits in place — a courageous thing to do and the outcome nationally was that annual recurrent funding improved to more than \$19,000,000, a \$5,600,000 improvement, with most Conferences improving their entitlements by two or three levels. The Conferences were greatly relieved of course by this outcome and its immediate cash input but the Treasurers were also sensitive to the reality that their audited accounts had been ‘corrected’ by a ‘high school teacher’!

In 2000 the South Pacific Division of the Adventist Church went through a restructuring exercise and Dr. Youlden, being politically astute, recommended that his position be eliminated as part of that process, with the new Australian National Director of Adventist Education assuming that role much like other Australian church school associations and systems were then doing and that eventuated. This writer would have much preferred Bruce Youlden to continue as our own Adventist ‘Ivan Port’ as institutional memory tends to be short and he was concerned it would be easy for Conferences to again slip in their funding levels.

Also, in the late 1990s the Australian Commonwealth Government adopted the Socio-economic Score Model (SES) recurrent funding model believing this would improve the inherent 'fairness' of its financial support and that model continues to the present with only two of the Australian Adventist schools negatively impacted with most attracting similar or slightly improved funding over the previous system. The reality is that, as with all funding models to date, some distortions remained.

In 2010 the Commonwealth Government released some billions of dollars for capital improvements in government, private and church schools alike with grants in the 2.5 to 3.0 million dollars range for individual Adventist schools not unusual. Intended to stimulate the Australian economy, that program was of significant benefit to the Adventist Education System across Australia.

In 2012 the Commonwealth Labor Government of Julia Gillard released the Gonski Report, the main import of which was the need to significantly increase K12 funding by about 6.5 billion dollars to all schools across the nation. How many of those recommendations will ever be funded is open to question and in the meantime the Prime Minister has made the commitment that any new funding arrangements will not disadvantage any school when compared with the funding it currently attracts.

Also, in 2012 several state governments have put a freeze on funding growth for schools over the next several and have in some cases cut programs which have been of significant assistance to the Church school program; thus there is a prospect of declining government income over the next several years.

So then, why does the Seventh-day Adventist Church operate a school system? Historically, its schools in Australia have been perceived as a service to the membership which is tolerated, provided it pays its way. During Summit 1 in 1997 the proposition was put that rather than just a service, the schools of the Church are soul-winning agencies and that one item resulted in an energetic discussion which lasted more than a day. Strongly supported by the educator component of the 46 delegates present and equally opposed by the ministers there, the proposition eventually passed with a one vote majority; hardly a mandate. This writer found that resistance confusing until a highly irritated Conference President told him, 'Readin, 'Riten, and 'Rithmetic belong to the teachers, but Religion belongs to the pastors.'" By contrast, other faith communities believe the typical secular Australian is unlikely to walk in off the street and directly onto a church pew; there needs to be a half-way step. For them, that over the past four decades, has been the church school and that is where they get their

significant membership growth rather than the public evangelism which is the Adventist focus. This writer is reminded of this each time he picks up his grandson from *Wyong Christian Community School* on the New South Wales Central Coast. There at the end of the school day the students congregate around the portico of the church building at the front of the campus as they wait for their rides home. During that time the Pastor of the church, wearing his name tag, circulates among the waiting parents, becoming known and fellowshiping with them and talking with students. Simply put, if the Adventist Church would use its school system with similar intentionality, in addition to its present focus on public evangelism, this writer posits that Adventist church growth in Australia would double or triple without costing one additional dollar. In the meantime, without any directive from the proprietor Conferences as to the purpose of their schools, the individual campuses are left free to set their own direction and typically tend to take one of three paths; choosing to be truly Seventh-day Adventist schools, drift toward becoming non-denominational Christian schools, or even position themselves to the community as achievement oriented Grammar Schools. This failure of the proprietors to use the schools of the Church with intentionality is a tragedy.

So, in conclusion, did the Church in Australia back in 1983 depart from the World Church's official position on government funding? In the light of how the Australian Adventist scene has been influenced by and reflected its American origins, and where the Church is still headquartered today, let us observe that in this writer's opinion America has no real separation of church and state in spite of what is written in its Constitution. In America there is a very close intertwining of church and state; more so than here in Australia. Possibly our Church has been so conscious of the separation of church and state issue in America because religion, patriotism and politics there are so interwoven. For example, whether you have prayer in schools is a major political issue in America. It is a non-issue in Australia where the essentially secular population would not want prayer in schools. Our pioneers in Australia were Americans who transplanted much of their culture, interwoven with their faith, to the new land. In that setting one must remember that government aid to parochial schools in the United States is a matter of legality due to First Amendment limitations; for the rest of the world, aid to church schools is a matter of philosophy. In such circumstances it was, and still is, easy for some of the Adventist membership in Australia to confuse legality with philosophy.

As already observed in this paper, in Australia education was initially a church responsibility, one later supported by the state. Then Australia had a separation at the turn of century, and Adventists contributed significantly to that separation as the new

constitution was being developed, so there was a period without government funding. Government funding was restored in the second half of the last century, to a point now where the Catholic system, which makes up 90% of the national church school enrolment, is supported about 90% by government funding. The burden on the Catholic Church and its parents is thus only about 10% of the overall operating cost. By contrast, the Adventist church education burden on the parents and the Church, has been approaching 50% of the cost over the decades.

If the Adventist Church were to pursue the Catholic policy of seeking an increased proportion of support, it could adopt management policies that would do that, but the Church would come to the place where it would make itself much more vulnerable to government control. The Church took the position in the 1990s that, like ownership of a company, if you have 51% of the shares in the company you have the deciding vote. This was not a worry to the Catholics for two reasons. They already taught the same curriculum and they have never integrated faith and learning. They have run their religious studies as a separate component. It was firmly believed back then in the Adventist system that if we sought to increase the level of dependence, that is the amount of money we received from the government, beyond the 50% level, we then would place ourselves in a zone where the government could readily point out to us it was the major financial shareholder in our educational enterprise, and therefore "you do it our way or else!"

However comforting this philosophy sounded at the time, it was naïve as the experience next door in New Zealand soon demonstrated. There the Prime Minister, David Lange, without even consulting cabinet, unilaterally cancelled all government funding to the non-integrated church schools in that country. This loss of funding which was just a very small percentage of their total operating costs, pushed the Adventist schools there into heavy indebtedness within a year and they came very close to closure; and would have within another twelve months had they not been able to qualify for funding under the terms and conditions of the New Zealand Integration Act of 1975. With a much higher dependence on government funding in Australia the Adventist schools then were, and still are, much more vulnerable should government funding ever be removed. The Church knew this when it made the decision in 1983 to accept recurrent funding for operating its school system. The choice then, was to not accept government funding for operating and see its schools struggle with second rate facilities and programs which would gradually lose parental support, 'wither on the vine', and eventually close. The alternative was to accept government funding for operating and run a good professionally sound and well operated school system which may one day collapse

almost overnight should that funding ever be withdrawn. It was a difficult decision for the Church to accept funding for operating, and as one who took part in that discussion over many months and the decision which followed, this writer is of the firm opinion that the direction taken in 1983 was sound.

Thus the Adventist Church in Australia should continue to accept government money because if it doesn't the schools are going to suffer and the quality and the total volume of education provided would be substantially diminished, and most our small schools would not be viable. We should continue to accept government money but be careful that under no circumstances do we put ourselves in a position where our educational philosophy is imperiled. While the Church has always accepted the right of government to determine which subjects are to be taught in the curriculum, the Church must be ever vigilant to ensure that its right to teach those subjects in harmony with its own philosophy and beliefs is protected. In its discussions in Canberra over the decades, various governments have consistently appreciated the stance of the Church. They have respected its philosophically driven principles, and its priority to protect them as a welcome contrast to the other players in the government funding arena which are preoccupied, by contrast, with extracting more money from Canberra. Unlike the Catholic Church which claims to teach the same subjects the same as do government schools, the Adventist School System provides parents with an educational alternative and this fits neatly with the Australian Commonwealth Government official philosophy over the decades of promoting parental choice and diversity, in its education funding arrangements.

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*Author Lester D. Devine Ed.D., was Director of Education, (1990 – 2000) South Pacific Division (SPD) of the General Conference of the Seventh-day Adventist Church when he presented this paper at a Public Affairs and Religious Liberty Conference in Portland, Oregon in 1991. He was assisted in its original preparation by R. A. Spoor MA, the then SPD Government Education Liaison Officer and in this 2012 update by Bruce Youlden PhD, who succeeded Rommert Spoor in the Government Education Liaison Officer role.*