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A case study of a contentious education policy: The origins and operations
of the bulk funding of teachers' salaries in New Zealand: 1815-2015

A thesis presented in partial fulfillment of the requirements for the degree of
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Abstract

Bulk funding as an education policy was immensely controversial, and served to polarise the New Zealand educational community and the wider New Zealand public throughout the eight years of its operation between 1992 and 2000. Even now, fifteen years after its demise, the research undertaken for this thesis shows that bulk funding still has the power to divide people and to excite strong passions. Both the supporters and the opponents of bulk funding tended to demonise the opposite side. Each side would also tend to feel that they had uncovered profound educational truths and that they had the right arguments on their side. Therefore, each side tended to believe that their opponents could negate their arguments only by resorting to 'slandorous' speech and to 'libelous' writings. Some of the key participants in the bulk funding debate were able to be interviewed for this thesis. It quickly became apparent just how wide the gap between the two parties was during the 1990s and is still today.

The research undertaken for this study has discovered that there are often tensions between the central education authorities who devise and impose policy and the local authorities who have to implement it. Bulk funding would seem to be a classic example of the perennial tensions between the centre and the localities. These tensions are a thread that runs throughout the course of New Zealand educational history. Bulk funding did not emerge out of a vacuum. Therefore, it was decided to adopt a "forward moving" historical narrative approach instead of a "history of the present." My research showed that there have been precursors to this policy right from the time of the first mission schools in the Bay of Islands from 1815 onwards. This study found that these distant historical forebears had to be investigated in order to make more sense of what occurred in the 1990s.

Finally, being at a distance from New Zealand and working as a secondary school teacher in Hong Kong where teachers are generally well respected as Chan (2008) noted, it was interesting for me as a 'distant researcher' to look back to New Zealand and to the case of bulk funding.

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CHAPTER ONE

THE RESEARCH PROBLEM

I orea te tuatara – Ka patu ki waho (A problem is solved by continuing to find solutions).

This proverb from Massey University's own *Maori Proverbs: Whakatauki aroha* (2012) is a useful one when thinking about the public policy problem presented by the bulk funding education policy which operated in New Zealand throughout most of the 1990s.

There had been a dream from both within and without New Zealand that bulk funding could work well in New Zealand. The Treasury's *Government Management* (1987) volumes, in particular, reflected this vision, a vision itself derived from Friedman's (1978) theories about supply side economics.

Yet this offshore dream was to be undercut by the onshore reality within New Zealand during the 1990s. One aspect of this reality was the extreme polarisation in opinion provoked by bulk funding at the time. Both New Zealand educators and the wider public ended up divided in their attitudes towards bulk funding.

The Collectors' Library *Essential Thinkers: Socrates* (2004) volume has quoted Socrates as having said that "When the debate is lost, slander becomes the tool of the loser". Since the formal removal of the bulk funding policy in June 2000, each side in the bulk funding debate has tended to believe that the other side lost the debate and, as a consequence, resorted to slander. As shall be seen, participants' intense feelings about bulk funding have persisted right up until the present day.

1. 1. Introduction to an Historical Problem

I remember having a discussion with senior Post-Primary Teachers' Association (PPTA) leaders who said to me that their one priority, above everything else, was to defeat bulk funding. And the bastards did it!
(Peachey Interview, 2011, Appendix VI, p. xl).

The look of outrage on the face and the passionate expression in the voice belonged to the late Allan Peachey, one-time Principal of Rangitoto College and National Party Spokesperson on Education. At that stage, in May 2011, he was also the Chairperson of the New Zealand Parliament's Science and Education Committee.

As an overseas based teacher and researcher I had been expecting a routine series of cool recollections, and was both struck and taken aback by the vehemence and heat of Mr. Peachey's utterances. Being based in China, I was distant both geographically and culturally from New Zealand educational politics. It was hard for me at first to fathom the raw emotion aroused by the historical policy of the bulk funding of teachers' salaries which, after all, had operated in practice in the 1990s – some twenty years previously. I would have assumed that any emotional fallout aroused by the policy back then had long since evaporated.

However, this assumption proved not to be the case and in various interviews, exemplified and personified by the Peachey interview, the bitterness lurking within came freely to the surface. Now that I have come to write up my findings for this doctoral thesis, I have discovered that I have a dramatic story on my hands. This is a story of lust and loathing; lust for a policy of wholesale educational change and the loathing that this threatening change provoked. In short, bulk funding as an educational policy promised the devolution of power over schools from the state to the school authorities themselves but, in so doing, it threatened the teachers as workers. The loathing that this sweeping change promised to bring was still very

much in evidence in this second decade of the twenty-first century. As I was personally to find out, the drama of the 1990s had never subsided for its main participants who in many ways were glad for an opportunity to relive it.

I had investigated the bulk funding policy once before – for my Master’s thesis between 1998 and 2000. However, back then I had focused on an ethnographic approach which concentrated on two primary schools in the upper North Island and on their real life experiences under bulk-funded teacher salaries’ regimes. This doctoral thesis presented me with an opportunity to explore the bulk funding policy in much greater depth and over a much longer historical time period. This was because it had become evident over the course of the research that the roots of bulk funding and local financial control over teachers’ salaries could be traced right back to the early nineteenth century and to the very beginnings of the New Zealand state.

Although bulk funding has largely disappeared from the political agenda of the major political parties in New Zealand today, the issue retains its power to polarise commentators on either side of the debate. As stated in the opening paragraph, in May 2011 I interviewed the late Allan Peachey. In response to a question of mine, Peachey declared that “the abolition of bulk funding was the greatest crime against the education of New Zealand children in my life time as a teacher” (Peachey interview, 2011, p.xli). Peachey went on to paint a highly favourable picture of bulk-funded teachers’ salaries as having been “a stunning success”. He followed this claim up by asserting with evident pride that “the people who worked for me, when Rangitoto College was a bulk funded school, would, to a person, say that, too” (Peachey interview, 2011, p.xxxviii).

In direct contrast with Peachey, former Alliance Party Member of Parliament, Dr. Liz Gordon, remains convinced that the ‘crime’ committed against schools and teachers was bulk funding itself and not the fact that the policy had been removed by Order-in-Council under New Zealand’s Labour Party-led Coalition Government headed by Prime Minister Helen Clark. During her interview in Christchurch in August 2011,

Gordon castigated Jim Bolger's National Government (1990-1999) for having made "an absolute dog's breakfast" of implementing the policy, dismissing bulk funding as "just terrible! It was so divisive! It's based so much on the view of people being money-seeking individuals ...It's a very weak and indirect way of doing salaries" (Gordon interview, 2011, p.xxiv).

It is evident, therefore, that attitudes towards bulk funding have remained polarised, perhaps contradicting the view of Gordon McLauchlan that New Zealanders are *The Passionless People* (McLauchlan, 1976, 2012). It became clear to me at the very outset of my study that the very passion that characterises this often vitriolic educational debate poses significant problems for researchers wishing to analyse the bulk funding debate and related issues in both their historical and contemporary contexts. These problems will be explored in more detail in the following chapter as part of the discussion on sources.

We might well ask ourselves, 'What is going on here?' To answer this question fully, we need to take a pause and think about the situation. Why is a former education policy, which actually operated in practice only for eight years between 1992 and 2000, still capable of arousing such passion? Furthermore, why is it that these passions have been shown clearly during the research interviews that took place in 2011, almost two decades after the actual events themselves occurred? Could this be part of a wider pattern of historical struggle over the direction of New Zealand education policy? Could this also be part of a wider international struggle over the future development of education policy? According to Dr. Gordon's interview responses, the bulk funding of salaries had been part and parcel of an almost criminal 'business first' mentality which was international in its origins.

Whether we have evidence of an historical 'crime' or not, we certainly have evidence of deeply polarised views. In addition, what are we to make of such intense polarisation? Openshaw (2011, p.2) notes that a similarly intense process of polarisation had taken place. This process incorporated opinions both for and

against the Picot Report (1988), which eventually gave birth to the New Zealand Government's responding document *Tomorrow's Schools* (1988). Broadly speaking, at that point in New Zealand educational history, the government was the proponent and the education sector unions were the opponents of the Picot Report's (1988) recommendations. Both sides were endeavouring to persuade the New Zealand public as to the merits, or conversely the demerits, of the entire Picot Committee agenda.

1. 2. Research Challenge One: The Polarisation of the Debate

As noted in the previous section, we do have ample evidence of the intense polarisation caused by the bulk funding debate. Each side in the debate tended to respond negatively to the other side's arguments. There was also a tendency to demonise opponents.

The polarisation which became such an important feature of the debate about bulk funding in many ways stemmed from the intense campaigns conducted by the participants. There were profound political implications emanating from the fallout from the debate. In many senses this fallout was caused by the sensitive nature of the politics involved. This much has been evident from the trenchant responses to my interview questions from participants such as Mr. Peachey, Dr. Smith, and Dr. Gordon among others some twenty years after the events.

This situation led to some difficulties for myself in my position as a researcher based in Hong Kong. The advantage that I had as a researcher, though, was that I was removed physically from the ongoing debate about bulk funding, especially after 1998. I could observe the phenomenon as an outsider. I had not been involved in teacher union politics for most of the 1990s, having worked in Japan between 1992 and 1996 and then leaving New Zealand permanently after a short interregnum back home between 1996 and 1998. Thus I had a degree of outsider status. Of course, it has to be remembered that no researcher is completely neutral.

In my case, I had subscribed to the PPTA's views while working as a teacher and when residing in New Zealand between 1986 and 1992, and again between 1996 and 1998 prior to joining the Native English Teaching (NET) Scheme in Hong Kong. I am bound to have been influenced by my now sixteen and a half years' long stint as a secondary English teacher on the NET scheme here in Hong Kong. As Chan (2008, p.259) noted, the cultural context for Hong Kong teachers is generally a Confucian values-influenced one of general respect for teachers with associated high status and good salary levels. This realisation may make me more sensitive to the lack of respect for teachers that the PPTA submission (1991, p.10) identified as a feature of bulk funding.

I also have to acknowledge that my own views on bulk funding have been coloured by previous field research undertaken in two primary schools in Auckland and Northland between 1998 and 2000. The results revealed that bulk funding had worked well in the high-decile urban primary school but quite poorly in the low-decile rural primary school. Hence, my conceptualising of bulk funding as a rather 'hit and miss' affair that was dependent on how schools could exploit political connections and offer teachers enticing salaries to make the bulk funding policy work for their own schools or not. These findings had become internalised and affected my whole view of bulk funding.

The challenge, then, has been to convey the passion aroused by the bulk funding debate in this thesis. Very few of the interviews I conducted revealed a neutral perspective. The partisan nature of many of the participants proved to be absolutely fundamental as to how they saw themselves and their philosophies of education. As a more distanced observer, I am now able to transmit my interviewees' ardour for the subject. This has really become an unusual historical study in that the emotions unleashed by bulk funding starting in the early 1990s proved to have never disappeared completely. They had merely lain in waiting in a state of suspended animation. The shape of this thesis has been determined, therefore, by the need to explain the extreme nature of the polarisation of the debate.

More importantly, there is an urgent need to look behind the passion in order to furnish a more considered and scholarly examination of what is a very complex debate. For example, it has become evident that bulk funding had a lengthy genesis, stretching back to the nineteenth century when school authorities in the embryonic New Zealand state guarded the privilege of paying salaries to their own teachers jealously.

My research in archival sources also exposed this pronounced polarisation. Documentary sources tended to contradict each other directly. Two examples from within the New Zealand educational context come from the opposing New Zealand Government and PPTA historical documents. The first example is the New Zealand Treasury's (1987) *Government Management II* which was seen by Gordon (1991, p.5) as selecting examples only from international case studies which bolstered its own case, such as the allegedly 'successful' school-determined salaries in various Midwestern States in the United States during the early 1980s. In her view, only the evidence which suited the pro-bulk funding case had been advanced while opposing arguments and evidence had been ignored.

The second example is *The Munro Report* (1989). This report, commissioned by the PPTA, was viewed by Roger Kerr (1999, p.210), the then Chief Executive of the New Zealand Business Roundtable, as a "polemical piece" because it had only cited contrary research about the ineffectiveness of school-based teacher salary payouts in other Midwestern States. Kerr (1999) had preferred, naturally, to rely upon the veracity of the studies cited in The Treasury's (1987) twin volumes on *Government Management* because these studies were used ultimately to recommend the adoption of bulk funding.

The role of passion in polarising the debate, therefore, is one of the first things we should bear in mind when examining the debate over the bulk funding of teachers' salaries in the context of New Zealand educational history. For this reason, it has been difficult for those who have ventured to comment to arrive at any objective

conclusions about the bulk funding of teachers' salaries before. This study will attempt to penetrate the mass of emotion that has emanated from both sides over the past three decades or so.

A particular difficulty is that much of the previous literature itself relays highly polarised and entrenched positions. For example, studies that have just been cited, such as Gordon's (1991), sought to invalidate bulk funding as a policy while Kerr's (1999) diametrically-opposed views sought to very much validate bulk funding.

Hence, one of the initial challenges that I faced as a researcher was the intensely emotive nature of this educational policy debate. It is true that other contentious educational policies may have inspired sharp polarisations in the past, for example, sex education in the 1970s, however, this debate over the bulk funding of teachers' salaries has proven to be particularly noteworthy for its concentration and duration of emotion.

As has been noted, it was not only the interviewees, such as Peachey and Gordon, who sharply contradicted each other's points of view; but also the writing community who remain polarised by the bulk funding debate to this day. Indeed, the historiography of research into the bulk funding policy to date has underlined this profound dichotomy. For example Codd (1999) seriously questioned the efficacy of bulk funding because he felt it eroded public education, whereas Kerr (2000) in the *British Medical Journal* had defended it staunchly.

An important point to be made here is that this polarisation has, in turn, helped to shape my own approach to the topic. There is a challenge for historians, including the opportunities for and the limitations of historical research in avoiding bias, conscious or otherwise. E.H. Carr (1961) had argued for an "imaginative understanding" of the past, whereas Hobsbawm (1968) had argued that people could learn from the past. However, it is important to acknowledge the objective limitations of the approach of trying to imaginatively reconstruct the past.

1. 3. Research Challenge Two: Problems of Definition

A second problem for researchers into bulk funding is that of definition. There have been diverse and confusing definitions of bulk funding that have been employed over the years, both in New Zealand and internationally.

Therefore, definitions of terms are going to be critical for this thesis. It will be necessary to untangle the definitions of the key terms as well as to set appropriate boundaries for the discussion. For instance, 'performance pay' or 'merit pay' was a term that was mentioned by several interviewees, as well as by the contemporary supporters and opponents of bulk funding. Commentators would often argue that 'better performing teachers' deserved better pay in order to reward their 'better performances'. However, this is a distinct topic from salaries' bulk funding. Although the campaigns from both the National Government and the teacher union sides mentioned the concept of performance pay, it is important to note that 'performance pay' is of peripheral importance to the current thesis.

In many ways 'performance pay' represents an historical red herring. Performance pay is not the central objective behind the bulk funding of teachers' salaries. The intersection between salaries' bulk funding and performance pay was largely an accidental collision. Therefore, this thesis will restrict itself to the actual salaries' bulk funding debate. When performance pay does enter the discussion, it will be treated as a minor rather than as a major factor. Let us now look more closely at the parameters of the problem.

Pursuing the most important definition, namely 'bulk funding', has revealed the following information. The Treasury (1987) made footnote references to international examples of bulk funding. The policy had emerged amid the intellectual ferment of Milton Friedman's (1963) Chicago School of Economics 'market-oriented' approach to education. The state of Wisconsin's transition from having the state government pay salaries for all public school teachers to having local control by school and

county Boards was cited as a model from which New Zealand could learn illuminating lessons. It was implied that the state of Wisconsin's policy example could serve as a model for a similar policy within the New Zealand education system.

The central difference that The Treasury found was that this model from a single State within the wider federal system of the United States had relied upon an incorporated whole school budget. Funds for school building programmes, maintenance, ancillary staff salaries - for instance, those of the janitorial staff - were combined together with the money set aside for teachers' salaries. School and county Boards were given a single lump sum. Wisconsin state schools were therefore reliant upon one super-sized grant.

The Treasury (1987) made it clear that in the New Zealand context there were to be separate grants, firstly for day-to-day operations and secondly, but more importantly, for salaries. The daily budget operations of schools were to be covered by a separate bulk grant as the Labour Government announced eventually in late 1989. This move was foreshadowed in The Treasury's (1987) *Government Management* volumes. The bureaucrats in the Ministry of Finance already felt that the Government would want to divide bulk grants into two halves, namely a first grant for day-to-day operations in schools, covering areas such as the school building programmes, maintenance, the secretarial and janitorial staff's' salaries, and a second grant for teachers' salaries. The first operations grant was seen definitely as being more politically manageable than was the bulk salaries' grant.

A bulk grant covering salaries was scheduled to be introduced afterwards. The then Associate Minister of Education, Phil Goff, as Gordon noted (1991, p.40), publicly speculated in 1989 that this salaries' component could be introduced for the 1991 school year. The success, or otherwise, of the bulk operations grant was meant to affect the introduction of the proposed salaries' grant.

The New Zealand model, as opposed to its international forerunners as well as to its contemporaries, was designed to introduce the bulk funding system on a stage-by-stage basis. In New Zealand, this situation meant that a political decision was undertaken in the late 1980s to separate the Operational Grant from the Salaries Grant. In other international examples, such as Wisconsin and other individual U.S. States which had adopted a form of bulk funding, their favoured approach tended to be a holistic one. A single state grant to cover all financial needs was given, and there was consequently no separation between the operations and salaries parts of the equation.

This arrangement tends to make the New Zealand case study noteworthy in international terms. The Salaries Grant, as The Treasury (1987) implied earlier, was such a political 'hot potato' that it was felt that it needed to be introduced separately from the Operations Grant. The Salaries Grant was the lynchpin of bulk funding in New Zealand. Therefore, it had to be introduced separately in the 1990s when the political climate was felt to be more advantageous politically in terms of its adoption. As we shall see, however, such moves were to run into considerable and ultimately successful opposition.

Another definitional problem that has to be addressed is the question of the separate but frequently interrelated definition of 'performance pay'. 'Performance pay', as identified on page 8, is actually a discrete issue but was conflated often to bulk funding by commentators both at the time and subsequently. The Treasury (1987) documents also implied that New Zealand teachers ought to be appraised upon their performances and awarded salaries accordingly. However, as I have pointed out already, performance pay was not part and parcel of the bulk funding system necessarily.

Ironically, the PPTA's (1989) critique of the then embryonic bulk funding system also discussed bulk funding in terms of performance pay, as if it were a given that bulk funding and performance pay would be operating in tandem. Therefore, some of the

opening salvos in the war of attrition surrounding bulk funding showed The Treasury and the PPTA both assuming that performance pay was linked to bulk funding. It is evident that this link was somewhat tenuous.

Internationally, this confusion between bulk funding and so-called performance pay also occurred. For example, some Ministers in Margaret Thatcher's Cabinet in the United Kingdom had made speeches in 1989 linking the Local Management of Schools policy, the British equivalent of bulk funding, with the introduction of performance pay for the allegedly 'better-performing' British teachers. Wilby wrote in *The Guardian* (1 March 2011), that the Secretary of State for Education, Kenneth Baker, suggested at a Conservative Party Conference that teachers in England could be paid according to their performances, with the 'poorer quality' teachers being weeded out.

However, as Wilby (2011) reflected, in Scotland there were examples in the late 1980s of salaries being transferred to local schools with the local school boards and the principals themselves gaining the authority to pay salaries to their teachers directly, thus slotting into the role of the Westminster-based educational bureaucracy. But in Scotland, though, the levels of the salaries were determined on criteria set by the Scottish Ministry of Education, which had its headquarters in Edinburgh.

Therefore, salary rates were determined on the basis of the teacher's qualification levels, levels of training and overall experience. Scottish school authorities continued to pay teachers out according to these rates. There was no suggestion that teachers would be re-assessed, re-appraised, and then paid at new rates depending on their merits as Baker had called for. In this way, local schools in Scotland slotted simply into the role of the Scottish Ministry of Education, in that they paid the teachers but at the same rates as before, and not at innovatively new rates under a 'performance pay' system.

Thus, it can be seen that in the interests of clarity as well as those of economy, it is important that the present study be limited to considering the bulk funding of salaries. Indeed, this was the policy that the Picot Report (1988) recommended to New Zealand's Fourth Labour Government (1984–1990) during its second term. The government's official response, *Tomorrow's Schools* (1988), adopted salaries' bulk funding as a goal, but did not adopt performance pay. There was no stipulation that the Salaries Bulk Grant had to be paid out to teachers according to their individual performances. Performance pay was, rather, an 'added value' concept that was lobbied for some interest groups such as The Treasury (1987) in some of their various educational policy recommendations. However, performance pay was not the intent of the bulk funding policy and it did not impinge greatly upon the contents of bulk funding either.

1. 4. Key Questions

The foregoing discussion needs to be borne in mind when considering the central question of: 'Why was bulk funding so contentious in the New Zealand context in comparison with other countries such as the United States, the United Kingdom, and Australia where there were fewer problems?' Moreover, as we shall see in Chapters Three and Four, there is some evidence that the bulk funding debate drew on the wider historic tensions between central and local control that has arguably been one of the longer standing issues in the administration of New Zealand public education.

The tension between central and local control is, therefore, a very important theme for this project. There will be an attempt to isolate the special historical circumstances in New Zealand. There will also be an attempt to trace how these special circumstances both interacted with the salaries' bulk funding policy and how it impinged upon its subsequent development in practice in New Zealand.

For example, there had been a marked tension between the centre and the localities regarding New Zealand education policy, practically right from the first tentative

steps to establish a colony in New Zealand centred upon the trading hub of the Bay of Islands during the first two decades of the nineteenth century. These antecedents of a national system for educational administration in New Zealand will be teased out in subsequent chapters.

A key consideration here is the campaigns waged by both governments and the opponents of various governments' education policies, mainly led by the teacher unions. During the latter half of the critical decade of the 1980s, plans to introduce bulk funding for teachers' salaries had firmed up. At the same time, however, the opponents of this education policy had also 'girded their loins' metaphorically in order to win the 'hearts and minds' of the wider New Zealand public.

The rival campaigns left little room for compromise. A crucial question to investigate would be why the various governments' and the teacher unions' rival campaigns were so mutually exclusive in the final analysis? Why had there been such a fierce publicity war between the supporters and opponents of bulk funding? What core values were at stake in the battle over the control of teachers' salaries? To what degree were the actual levels of teachers' salaries affected during the 1990s while the policy operated?

If school authorities themselves had now assumed the power of paying teachers instead of having to rely on a centrally-determined and centrally-run pay scale, did that mean that they were then paying out teachers' salaries according to the laws of supply and demand throughout the 1990s? Or were they, as some supporters of bulk funding claimed at the time and on subsequent occasions, paying teachers according to performance pay criteria? Two case studies of primary schools derived from my own Master's thesis, along with case studies from other theses, will also be referred to during the course of this thesis in order to try to answer such questions.

To understand Fraenkel and Wallen's (2008, p.534) question as to whether curriculum changes in public schools in the American South West had been

'successful' or not and whether these answers could be applied to the New Zealand context, it will also be necessary to ask ourselves why the bulk funding of teachers' salaries worked 'successfully' in some New Zealand schools between 1992 and 2000, while at the same time being seen as 'unsuccessful' in other New Zealand schools.

We might ask ourselves, 'What local or national factors were in play at the time that may help to explain the difference?' We will return time and again to this central theme of the dichotomy between central and local control - a dichotomy which has been very much in evidence throughout New Zealand's recorded educational history. In addition, it can be seen that teachers' salaries have comprised a part of this key theme of the divide between central and local control of New Zealand educational administration.

A wider look at distant nineteenth century and early twentieth century historical antecedents to the bulk funding of salaries may furnish us with a practical way of meeting Fraenkel and Wallen's (2008, p.535) criterion that "learning how things were done in the past helps us to understand present day problems and concerns." Fraenkel and Wallen (2008), of course, were citing an historical study of past curriculum change in the United States but I shall demonstrate that this is also relevant to the context of education policy in New Zealand.

In the case of New Zealand, bulk funding helped to promote a culture of change in the affected schools. In certain respects, my research into decentralised educational administration in nineteenth century New Zealand education has shown that there have been some aspects of 'reinventing the wheel' in terms of the development of bulk funding almost a hundred years later. The policymakers of the 1980s and 1990s may not have been as original as they believed themselves to be at the time.

There may also be some elements of "assisting in prediction", as Fraenkel and Wallen (2008, p.535) termed it. Both the apologists for various governments and the

spokespeople for the teacher unions were predicting 'success' or 'failure' for the bulk funding of salaries, according to their points of view at the time. There are some similar elements to currently controversial education policies in New Zealand, for example, national standards. It will be the task of this thesis to assess how accurate the contemporaneous predictions were and to explain the reasons why such predictions might have been accurate or not.

Fraenkel and Wallen's (2008, p.535) related criterion of the need to test "hypotheses concerning relationships or trends" will also come into play. A "relational hypothesis" that could apply in this instance might be that the voluntary nature of schools opting into the bulk funding of teachers' salaries as adopted by the National Government in 1992 eventually doomed the policy to 'failure'. Former Minister of Education, Dr. Lockwood Smith, certainly subscribed to this hypothesis, given the benefit and the wisdom of hindsight. During his interview in the Speaker's Office in Parliament Buildings in Wellington in July 2011, Smith (Smith interview, 2011, p.liii) commented as follows:

I, perhaps – unwisely recommended to my colleagues – to the government – that we should, rather than impose bulk funding on all the schools – that we should put in place a voluntary model that would enable schools to come into the bulk funding system. Perhaps (it was) unwise, because what that led to was that some schools did indeed pick it up, but then became the targets of vicious campaigns from the unions.

It was noteworthy that Dr. Smith had come to the view that given the chance to act again, he would have imposed the bulk funding of teachers' salaries across the board compulsorily.

Another possible hypothesis might be that the 'success' of the bulk funding of teachers' salaries at some schools was proportionate to the amount of social and political capital that they could gain access to. Bourdieu (1986, p.245) has shown

how 'successful' organisations could exploit social and political connections in order to maximise their own self interests. 'Successful' bulk-funded school authorities tended to have access to high amounts of such capital. They could make the situation "work for this school" as one interview subject (Bayer, 2000, School X Interview Subject A, p.ii) from a wealthy urban primary school phrased it during her interview in April 2000. Less 'successful' bulk funded school authorities made a point of emphasising their lack of access to political resources, especially to funding. The chief political resources were the famous "sweeteners" that the PPTA had accused the National Government of 'bribing' schools with, in 1992. Bourdieu's (1986, p.247) hypothesis regarding the proportionality of 'success' being related to the proportionality of access to cultural capital will need to be explored in later chapters.

As Fraenkel and Wallen (2008, p.536) have pointed out, an "historical study in education will describe clearly and accurately" a problem such as the bulk funding policy inasmuch as it "related to education and schooling" overall. As stated previously, this policy operated between 1992 and 2000, yet it had its genesis in the sweeping government reforms and administrative changes of the 1980s. However, as also noted previously, the policy had even earlier roots in central versus local educational power struggles dating back to the time of the Mission Schools of 1815 onwards and to the relatively autonomous Provincial Governments of mid-nineteenth century New Zealand. At this point in time in New Zealand history the provinces were powerful but, by the early twentieth century, and after George Hogben's intervention the State had become dominant and teachers' salaries were legislated for by government regulation, starting in 1901.

Nevertheless, as Fraenkel and Wallen (2008, p.537) also noted, "historical researchers aim to do more than just describe, they want to go beyond description to clarify and explain and sometimes to correct". In this thesis, the bulk funding of teachers' salaries will be explained in the light of its representing a particularly contentious educational policy. Such divisive policies tend to generate their own fields of gravity, into which all debate can be drawn. Afterwards, it may be difficult to

interpret such a policy objectively. I would posit the view that previous work on bulk funding has tended to hew to either the Government line or to the teacher unions' vigorously argued opposing point of view. Previous research in the field has tended to embody one of the diametrically opposed viewpoints. What has not been attempted yet is a more objective study.

This thesis will, furthermore, attempt to appraise Fraenkel and Wallen's (2008, p.538) "hypothesised relationship among variables". For example, it could be hypothesised that if opposition to a certain educational policy reaches a critical mass then the policy would be unlikely to 'succeed'. Such a policy would, rather, be more likely to be withdrawn at a politically convenient juncture. Opposition political parties would, therefore, be more likely to pledge themselves to the repeal of such a contentious educational policy. This is certainly relevant to the trajectory of the bulk funding policy in the latter half of the 1990s. The Labour-led Coalition Government which was elected in November 1999 pledged itself to the repeal of bulk funding, a goal which was achieved by an Order-in-Council in June 2000.

1.5. Wider Implications

As has been stated, the education policy of the bulk funding of teachers' salaries actually operated in practice in New Zealand for a mere eight years during the 1990s. Yet it had a more profound impact than its relatively short 'shelf life' would indicate. It was a classic example of a controversial educational policy which, as Gordon (1991, p.29) has noted, was by its very nature "contentious", and which polarised participants according to their competing core educational values.

The fact that the bulk funding policy is now an historical one could help to shed light onto contentious contemporary educational policies such as the Charter or Partnership Schools' policy demanded by the 'Association of Consumers and Taxpayers' (ACT) Party as a condition for joining the current New Zealand Coalition Government after the General Election of November 2011. Then Party Leader, Dr.

Don Brash, expressed sympathy with the principles of local communities managing their own teachers and rewarding them according to their performances (Brash email interview, 2011, p ix.):

In the case of education, it is principals, Boards of Trustees, and local communities who understand the performance of different teachers and their appropriate remuneration better than do Wellington-based civil servants...

...I need to be clear that the ACT Party supports decentralisation of education, not necessarily a centrally ordained scale according to a national scheme for pay according to test results as has been advocated in other parts of the world. Such schemes inevitably overlook the very local knowledge that ACT policy seeks to tap into. A teacher might perform poorly on such a centralised scale despite the fact that they have faced significant challenges and performed well at overcoming them. Equally, a teacher might perform well according to a national scale despite facing fewer challenges in their locality.

Bulk funding, then, was sometimes seen as part and parcel of an approach to decentralise education and to put the levers of control into the hands of local authorities.

However, in the final analysis bulk funding was a contentious historical policy which was defeated eventually. It is possible that current policies in New Zealand education may follow a similar path to defeat.

The Charter Schools' policy, for example, has tended to dominate the New Zealand media's Education headlines ever since the 2011 General Election, gathering pace throughout 2012 and 2013, and continuing on into 2014. Whether the schools advocated for by this policy are called Charter Schools, as are their counterparts in the United Kingdom - or Partnership Schools as Associate Minister of Education and current ACT Party Leader, John Banks, rebranded them in late 2012 - there is little

doubt that the Charter Schools' policy is a very contentious one which has fractured New Zealand educational opinion. The history of the contentious past bulk funding policy may be instructive with regard to these subsequent contentious policies. It is hoped that patterns in New Zealand educational history will be able to be revealed through a close analysis of the policy of the bulk funding of teachers' salaries.

There are also significant international implications. This thesis will tease out these types of implications by exploring international literature. What has emerged from the research is that there have been some similar policies in terms of the bulk funding of teachers' salaries which have been carried out in various international contexts. The New Zealand case study, however, showed a degree of uniqueness. Other bulk funding experiments for teachers' salaries took place in mainly English-speaking countries such as the United States, the United Kingdom, and Australia, and occurred mostly during the 1980s. For example, as we have seen, the Scottish system relied on school authorities paying the fixed government salaries rather than determining the level of salaries themselves. Bureaucrats working in Edinburgh were responsible, on the one hand, for assessing teacher salary levels throughout the 1980s. New Zealand's case study from the 1990s, on the other hand, showed different patterns of both compliance with and resistance to the bulk funding of teachers' salaries, owing possibly to the unique local circumstances prevalent at the time. This thesis will examine these specific local conditions.

There was also a degree of interplay with ideas of 'performance pay' in the New Zealand case study which are also pertinent to other countries' experiences, particularly those in the UK and the USA. The implications of the definitions of these terms in both the New Zealand and international contexts will, therefore, need to be explored in later chapters.

Fraenkel and Wallen (2008, pp.534-535) also expanded on the value of historical enquiry by giving an example that a given researcher "might be interested, for example, in investigating why a particular curriculum modification ... succeeded in

some school districts but not in others”. If we translate this example to the historical context of New Zealand’s bulk funding policy, it may provide us with a relevant springboard from which to undertake a review of the policy’s development during its period of operation in practice between 1992 and 2000.

Although this generalised question from Fraenkel and Wallen (2008, p.534) had been applied to research into the American curriculum, it could still be argued that the generalisation is also useful in terms of education policy. Curriculum changes often result from changes in government policy. Similar to the case of these curriculum changes, some educational policies may be judged to be more ‘successful’ than were others. This core principle of investigating why a particular education policy was more successful than another can apply to this historical case of the bulk funding of teachers’ salaries which, after all, was operated on a national basis, albeit with a more restricted range owing to the voluntary nature of the bulk funding scheme as per the decision of the National Government in 1992.

The close examination of specific schools’ and specific Boards of Trustees’ historical experiences has revealed differentiated patterns of ‘success’. Positive results for some authorities under the aegis of bulk funding were evident, but there were very negative results for others. Explanations will be advanced in later chapters in order to account for this level of diversity. It may be that factors such as Bourdieu’s (1986, p.249) analysis of social and political capital could explain why some school authorities were able to capitalise upon the bulk funding policy, thus furthering their own corporate interests, while other school authorities felt that they had definitely not been able to achieve any ‘success’.

If we accept that the past influences the future, then the study of the past bulk funding policy conveys echoes which have lingered right up until the present day. It may lend us a means of understanding the current polarisation in educational politics. This understanding can be derived from the perspective of what the historian E.H. Carr (1961) called “imaginative understanding”. Furthermore, History,

as Eric Hobsbawm (1968) summarised it, can help us to shed light upon the current problems by examining past controversies and by placing all the resulting information into a broader perspective.

In addition, it seems probable that the schism unearthed by bulk funding has continued to have repercussions for New Zealand education ever since. The New Zealand National Government's adoption of the Charter Schools policy has exposed similar fault lines between supporters and opponents of the policy in New Zealand since 2012. The split in belief systems with regard to bulk funding has been mirrored in the literature on the policy and, even more crucially, has lingered on in the memories of key participants in the bulk funding debate, shaping their current attitudes towards New Zealand education significantly.

This thesis will examine the earliest historical roots of the bulk funding policy which subsumed New Zealand educational history in the 1990s. Bulk funding was, in fact, not as novel as its proponents, such as Peachey (2005, p.33), liked to claim it was. There were variants on bulk funding from the earliest stages of the New Zealand colony, for instance, as will be seen in Chapters Two to Five as we proceed through the chronology of the teachers' salaries saga in New Zealand from the early nineteenth century onwards.

Bulk funding has continued to be the political 'elephant in the room' since its abolition by Order-in-Council in June 2000. The then Opposition's Education Spokesperson, National's Allan Peachey (2005), had called explicitly for the reinstatement of bulk funding during the 2005 election campaign. More recently, Wylie reported in *The Wanganui Chronicle* (31 July 2014) that Minister of Tertiary Education, Steven Joyce, when asked supplementary questions pertaining to the Novopay Company's erratic payments of New Zealand teachers' salaries, replied that bulk funding would never be reintroduced by his Government.

When I came to the point of researching the origins of bulk funding, as a New Zealander in long-term residence in Hong Kong, I was very much affected by the concept of Blainey's (1966, p.1) "tyranny of distance". To find out the answers to the many questions I had about the origins of bulk funding, I realised that I would need to come to New Zealand as often as I could in order to conduct research in specialist archives such as the Alexander Turnbull Library, with its extensive collection of nineteenth century materials. Investigating the historical sources became a time-consuming yet important goal. This process will be explored at length in the following chapter.

CHAPTER TWO

HISTORICAL SOURCES

Given that the bulk funding debate is largely an historical one with a long history, but one which also extends into the present and perhaps, even the future, I chose to adopt an historical methodology. This involved the following phases:

a) Documentary analysis of relevant material on bulk funding held at Archives New Zealand, Wellington;

b) Selected interviews with leading participants in and commentators on bulk funding;

c) A critical examination of secondary material on bulk funding including articles in academic journals, professional publications, and in the popular press.

2. 1. Historical Documentary Search and Analysis: Government and Official Sources

Fraenkel and Wallen (2006, p.428) concluded that historical document analysis is a useful research method which provides valuable tools in order to understand the “world of the participants”. In this case, the participants were the very people who were most instrumental in devising the bulk funding policy, in setting it up, and generally in administering it while it operated in practice between 1992 and 2000.

Document analysis is the province of the historian as researcher. As McCulloch and Richardson (2000) have reminded us, historical research can help us both to understand and to try to solve contemporary problems. This dictum has proven particularly relevant to bulk funding which re-emerged in October 2009 as a national topic of educational debate. The then Opposition Education Spokesperson, Trevor

Mallard, claimed at that point that the then Minister of Education, Anne Tolley, was seeking to re-introduce the bulk funding of teachers' salaries as a national policy. This claim highlights the extent to which the bulk funding debate has never really gone away and, in fact, has persisted right up until the present day.

Document analysis was employed as the main methodological tool during the research period. Archives New Zealand (Wellington) holds many files relevant to bulk funding. The interviews of seven key players in the bulk funding debate were subordinate to the document analysis process and were viewed as a supplementary research strategy throughout.

The document search strategies were grounded firstly in a search for the relevant Government papers, most of which were located within the New Zealand Archives, but with some having to be searched for in the Parliamentary Library. The Education Amendment Act (1979) was one of the first pieces of legislation to be sourced along with the concurrent Report of the Parliamentary Committee on Violent Offending (1979) which dovetailed into the Committee of Inquiry into Gangs (1981) which was chaired by retired National Member of Parliament, Ken Comber.

These particular reports, which have often been overlooked in more recent historical research, were chosen because they revealed the extent to which education was identified as the principal means by which to improve the status of Maori in New Zealand society and, as a consequence, to reduce the involvement of Maori youth in both gangs and violent offending. The interesting point that emerged from an analysis of these reports concerned the response of Maori at the time. Maori community and political leaders agreed that education was the key to improvement but felt strongly that as Maori leaders they should have control over the administration of Maori schools, including the control over teachers' salaries.

Treasury files, particularly in the sensitive period of 1986 to 1987, leading up to the re-election of the Fourth Labour Government were also sourced. Archives New

Zealand (Wellington) also contained full sets of State Services Commission files, notably for the crucial 1990 to 1992 period. The Department of Education files and subsequent Ministry of Education files were also well represented in the Archives New Zealand collection and were consulted frequently.

My research strategy was to compare and contrast the changes wrought by bulk funding upon the paying of teachers' salaries with the previous centralised salaries' system represented and reiterated by the core provisions of the Education Amendment Act (1979). I also focused upon the busiest periods of change, notably the fulcrum of change years such as 1987 when The Treasury began mooted the idea first. Other significant years to study were 1991, when the new National Government decided to put the policy into practice, and 2000 when the policy was abandoned.

Another strategy I adopted was to search through relevant verbatim records of Parliamentary debates, for example, the July to October 2009 period when Trevor Mallard peppered his National Government counterpart, the Minister of Education, Anne Tolley, frequently with questions relating to the Government's alleged desire to resurrect bulk funding. The strategy was widened to include other publications from politicians such as the private papers of former State Services Commission Minister, Clive Mathewson, from the Fourth Labour Government, and former Attorney General, Paul East, from the succeeding National Government. Special permission had to be applied for through the relevant Government agencies. The analytical strategy following on from this was to compare and contrast the private and official records. It was of little real surprise that the private papers proved to be more candid in their assessments overall.

A related area was to search through the two major governing parties' election year press releases and Party manifestos. For example, the National Party's 2005 Election Manifesto included a clause to reintroduce bulk funding as a policy if elected. During his interview, Allan Peachey M.P. confirmed that he had been

personally instrumental in the inclusion of this policy for the 2005 manifesto. However, this commitment had been erased from the National Party Manifesto of 2008 when this political party became the government.

Minor parties' manifestos also proved to be a valuable documentary source. Sometimes minor parties played a pivotal role in the bulk funding debate. The Alliance Party Manifesto of 1999 pushed very hard for the repeal of bulk funding, taking a stronger position than did the Labour Party, in print at least. The ACT Party at the time of the 2011 Election was in favour of reintroducing bulk funding in principle, as the then Leader, Dr. Brash, reiterated in his email replies to my research questions in September and October 2011. The ACT Party's 2011 Manifesto had stated that schools ought to be self-funding, a principle that was translated into the new Charter Schools' policy advanced by the succeeding Act leader, John Banks.

The strategy was then to investigate the opposing viewpoint. In the most active years of the policy changes that brought about the bulk funding of teachers' salaries eventually, the teacher unions such as the New Zealand Educational Institute (NZEI) and the PPTA often released critiques of the government policies announced through government publications in rival publications shortly afterwards. For example, the PPTA (1988) published their *Submission on the Report of the Task Force to Review Education Administration* for a national audience, not long after the Picot Report (1988) had first appeared.

Shortly after the announcement of the voluntary bulk funding scheme for teachers' salaries contained in the July 1991 Budget, the PPTA (1991) also published their *Submission on the Report of the Bulk Funding of Teachers' Salaries*. Thus, the battle was often matched rather evenly in terms of published justifications. My strategy as a researcher was then to juxtapose the teacher union critiques, for example the PPTA's (1997), alongside the official Government publications so as to

compare and contrast their respective arguments and to better analyse the levels of contestation in play during various periods.

Finally, the wealth of contemporary and historical material available at the National Library and the Alexander Turnbull Library respectively, was investigated. In the historical context, the Alexander Turnbull Library's nineteenth century records were particularly relevant. For example, New Zealand Company minutes (20 May 1839) revealed the plans of a philanthropist associated with the company to establish a school for Maori and for poor settler children in the Port Nicholson area. Arrangements for the provision of a teacher for this proposed private school for the natives and indigents will be detailed in the following chapter. The New Zealand Gazette (19 September 1840) also revealed corresponding plans for government schools in the new settlement of Britannia, as Wellington was known first. The Turnbull Library also housed useful secondary material on the Bay of Islands mission schools derived from the first minister's wife's journals as well as from early twentieth century publications, for instance Ward's (1928), on early Wellington schooling.

However, in contrast to the official documents, media reports often gave an impressionistic sense of the daily developments and responses to the policy of the bulk funding of teachers' salaries. The media served as a type of metaphorical flypaper in this regard, recording the instant impressions as they evolved and, frequently, as they were transformed. For example Wellington's *Dominion* (1994), a morning newspaper, made editorial comment on increasing resource gaps detected during the first year of the adoption of the bulk funding of teachers' salaries in a couple of Wellington primary schools. This material served as a useful supplement on occasions, and the strategy was to ensure that it complemented the main documentary search in an appropriate fashion.

The entire documentary search thus begs the question, what type of literature was available and what literature and historical source material did I choose to

investigate actively during the course of the thesis? McCulloch and Richardson (2000, p.32) had recommended going to documentary sources directly in order to illuminate the problem in its actual context. Therefore, I made the decision to start with the documentary search and with subsequent document analysis.

Archives New Zealand in Wellington proved to be a very valuable source of information, both in terms of the background behind bulk funding and of the “first hand accounts” that McCulloch and Richardson (2000, p.29) had found to be so vital for an historian’s understanding.

New document files were able to be accessed during the course of the research. Following my application which had been endorsed by my supervisor, Archives New Zealand released the Matthewson (1990) and East (1993) correspondence files in order to assist the research. It was also a timely occurrence that these correspondence files had had their embargoes lifted recently and were available for viewing once the appropriate permission had been sought and obtained. Bruce Cliffe, the former National Member of Parliament (MP) for Takapuna, declined to give permission for his papers and correspondence to be read, though.

The Matthewson (1990) and East files (1993) were particularly relevant because they contained a full record of correspondence during two critical years in the development of bulk funding, namely the 1989-1990 period. Clive Matthewson had been the Minister for State Services at the time, having taken up the portfolio following the resignation of David Lange and after the ascension of Geoffrey Palmer to the Prime Ministership in July 1989.

Matthewson’s files included a great deal of correspondence from concerned teachers in his Dunedin West electorate as well as from local teacher union officials active in either the PPTA or NZEI. For example, the Regional Secretary of the combined PPTA Otago branches had written to Matthewson in September 1989 decrying the “...gross inequities that will inevitably accrue from the unilateral

imposition of the [bulk funding of teachers' salaries] policy, which it was also noted, was "due to be legislated for soon" (Matthewson Files, 1990, p.44), to which the Minister had replied that "... rumoured plans to implement the [bulk funding of teachers' salaries] policy are just that, rumours." He furthermore felt it was evident that "the Government has no current plans to legislate for such a change [as bulk funding]."

This type of primary source material highlights the usefulness of accessing documents. The files from this period, in this case from a senior Government Minister whose government had publicly investigated and even accepted recommendations promoting the bulk funding of teachers' salaries in the Picot Committee's Report (1988), provides prima facie evidence of the marked degree of polarisation that bulk funding engendered at that point and continues to engender right up to the present day.

The correspondence from Matthewson's files was also noteworthy in that it took a highly critical view of bulk funding. In fact, only one letter in support of the Picot Committee's (1988, p.71) recommendation in favour of the bulk funding of teachers' salaries could be located. The Treasurer of the Otago Chamber of Commerce had referred glancingly to "market rate salaries" as being the best instrument with which to reward the "best quality teachers". The Treasurer then added that the teachers would be obligated to prove that they really deserved these sorts of extra financial rewards. However this type of view was the exception with the result that its rarity underscores the fact that the voices to emerge from the files were overwhelmingly critical ones.

These historical participants were, by a large majority, clearly opposed to the idea of bulk funding teachers' salaries. Therefore, it is the primary source documents of the files themselves which highlight the breath and the depth of their opposition to bulk funding. Clive Matthewson, for whom the files were set up and collated, tended to

take a conciliatory approach in his replies, stressing repeatedly that no final decision had been made at that stage.

From this type of response it may be possible to deduce that the then Labour Government's reluctance to pursue the bulk funding of teachers' salaries as an issue aggressively stemmed from the amount of opposition they had encountered. The eventual doomed implementation of bulk funding of teachers' salaries as a keynote education policy under the National and subsequent National-led coalition Governments (1990–1999) might also be able to be seen as foreshadowed in the Matthewson (1990) files. It would seem to be that the push to activism in order to oppose the bulk funding policy was very strong, and that it far outweighed any counterbalancing push to support bulk funding as a policy.

The East (1993) files provided an interesting point of comparison and contrast. By this stage bulk funding had started to be implemented in its voluntary sign-on form while various school authorities in the then Attorney General's, Paul East's, Rotorua electorate were very nervous about it as a policy. Many school authorities in his electorate felt directly concerned with and affected by this 'voluntary' scheme to sign up for the bulk funding of teachers' salaries. For instance, the Chairperson of the Western Heights Secondary School Board of Trustees wrote to Paul East to confront the issue, in his view, of the unwarranted pressure that his PPTA school branch had been placed under by their own Board of Trustees who were at that time very much in favour of having the school opt into the bulk funding scheme.

Paul East, however, took a more proactive role in recommending the bulk funding policy than had Clive Matthewson in 1989. For example, in his October 1992 reply to the Western Heights PPTA Branch Chairperson, East assured him that his colleague, the Minister of Education, Dr. Smith, was confident that the bulk funding scheme "... would lead to great benefits for schools, as has already been recognised by many Principals and Boards of Trustees throughout the country" and that, therefore, individual school authorities and their teaching staff need "have no fears

about opting into the bulk funding system". The Branch Chairperson, in his reply, dismissed East's reassurances as mere bromides and accused the Attorney General of "missing the point".

Again, the primary historical sources have told a tale of stiff local opposition to the centrally imposed bulk funding system. Central versus local control is one of the major themes of this thesis and it needs to be teased out in depth. Secondary historical sources will be cited for the early years of the New Zealand colony's educational history later on in this chapter. However, in terms of the primary historical documentary sources that I have explored for this thesis, it seems clear that localities such as the regions of North Otago and the Rotorua Volcanic Plateau had viewed bulk funding as a centrally imposed policy impinging on their spheres of local control.

As a counterpoint to this observation, Peachey's (2005, p.75) secondary material tried to make the case that it was the localities that wanted bulk funding, rather than the central government. He maintained that it was local school authorities who wanted to determine their teachers' salary structures rather than having them determined by a centralised bureaucracy.

My standpoint is that there is scant evidence for Peachey's assertions as mentioned above. It appears more evident that local schools' staff resisted bulk funding generally and that this occurred on a national basis throughout the length and breadth of the country.

It was important to blend all the historical documents which may have seemed as if they were discrete items into a cohesive whole so that they could be integrated into E. H. Carr's spark of "imaginative understanding" and that they could thereby further the art of the historian. Papers that had not been sighted before, such as the Matthewson (1990) and East (1993) private archives, had to be sifted through.

The analytical strategy was not to consist of having an exhaustive number of new documents brought to light but, rather, to focus on high quality material that yielded the most information about the bulk funding of teachers' salaries, including the above. It was never far from my mind as a researcher that this approach constituted qualitative research and that therefore the focus had to be on high-quality and pertinent documents.

2. 2. Newspaper and Press Sources

One possible weakness related to the intensive official documentary search is that while there are many government sources to access, there have been far fewer non-governmental ones. However, there was a range of media-reported sources that were able to be accessed.

Archives New Zealand's files contained Press articles occasionally which had been filed by the politicians or by their clerical assistants. The National Library in Wellington also had newspaper files which were, incidentally, housed in temporary storage in different Wellington buildings between 2010 and 2012 prior to being returned to the refurbished National Library in Molesworth Street.

Therefore, a significant number of newspaper reports was able to be accessed. In 1992, for example, there was a significant number of media profiles on newly bulk-funded schools, but not all were relevant to the theme of contestation. As stated previously, the other significant strategy was to juxtapose Government announcements of policy with the interested teachers' organisations' reactions to that policy.

It was found that the critics of bulk funding had proved to be very active in terms of publishing their opinions. For instance, the NZEI (1993) had also published their own extensive critique of the policy of bulk funding teachers' salaries in 1993. Their

members, in addition to their branch and national officers, had also commented at length upon the salaries' component of bulk funding which was announced in the Picot Report (1988). The NZEI (1988) actually published their submissions as a response to Picot, including their objections to bulk funding.

Therefore, another research strategy to follow was that of collating the various pieces of evidence that were cited in different publications. Thus, documentary analysis turned out to be the single most important stage of the entire research process.

2. 3. Interview Search and Interview Analysis Strategies

The interview methodology was designed to be both supplementary and complementary to the main historical document analysis strategy. Seven major players in the bulk funding debate who were available for interviews at various stages throughout 2011 were selected. They were respectively, Graye Shattky, the former President of the New Zealand School Trustees' Association (1991–1993); Allan Peachey, former Principal of Rangitoto College (1993–2005); Dr. Lockwood Smith, former Minister of Education (1990–1996); Shona Hearn Smith, former President of the PPTA (1990–1992); Howard Fancy, former Secretary of Education (1996–2006); Mrs. Margaret Austin, former Opposition Spokesperson on Education (1990-1994) and Dr. Liz Gordon, former Alliance Education Spokesperson (1996–2002). These were interviewees who could provide high interest information and who were close to the operation of the bulk funding of teachers' salaries policy in practice. The main idea was to flesh out the information contained in the historical documents that had been referenced. This process raises the following question: How were these interviewees selected? I was searching for some of the most visible proponents and opponents of the bulk funding policy in order to obtain both sides of the story.

Graye Shattky seemed an obvious first choice. He had been a parent representative and eventual Chairperson of an Auckland secondary school's board of trustees. As such, he had long wanted his school, Kaipara College, to be able to reimburse and reward its own teachers. It was actually this formative experience at the local level which catapulted him to a national role as, first, the Secretary and then the Chairperson of the School Trustees' Association.

Allan Peachey was a natural subject for selection because he had been such an enthusiastic advocate for bulk funding from the earliest days of his principalship of Rangitoto College in 1993. His tireless work advocating for the restoration of bulk funding after 2000 culminated eventually in his book, *What's Up with Our Schools?* (2005).

Dr. Lockwood Smith, the former Minister of Education (1990–1996), was another clear choice because in many ways he had been the political architect of bulk funding. Without his intense personal interest in and commitment to the policy, it is difficult to envisage its having been put into practice in the 1990s. Dr. Smith had also shown an ability to defend bulk funding as a policy throughout the 1990s. It should also not be forgotten that he tried to promote the schools which had already joined the scheme 'voluntarily' and greatly extended the number of other schools opting in. He even tried to do this after his replacement as Minister of Education in 1996 (by Wyatt Creech) and until the National-led Government fell in November 1999. It may well have been that Dr. Smith was my most significant interviewee because he had been at the centre of political decision making that had brought the bulk funding of teachers' salaries into being.

Ms. Shona Hearn Smith was another valuable interviewee because she represented a firm opponent of Dr. Smith's policies. In her role as the National Chairperson of the PPTA in the early 1990s, she and her Executive Officers had co-ordinated much of the resistance to the bulk funding of teachers' salaries at that stage. It was important to be able to present the alternative negative side of the bulk funding debate.

A former Secretary of Education, Howard Fancy, was a useful choice in that he represented the top echelon of the national educational bureaucracy who had to implement Dr. Smith's decisions once it had been decided to proceed with the bulk funding of teachers' salaries. Mr. Fancy proved to be a shrewd observer of the national political scene as he shared his conviction that the then Prime Minister, Jim Bolger, had jettisoned the bulk funding policy owing to the political costs that had been incurred; costs which were multiplying in 1995 and 1996 alarmingly close to the General Election of November 1996.

This understanding gives rise to the point which I must express, namely the possibly understandable reluctance of some key players in the debate to be interviewed. A key example is the former Prime Minister, Jim Bolger (1990–1997). I had tried to contact him repeatedly in his capacity as Chancellor of the University of Waikato between 2011 and 2013. He did not, however, respond to repeated requests to participate as an interviewee. Two other key players from the Fourth Labour Government, Sir Roger Douglas and Phil Goff, also declined to participate. The question of potential interviewee reluctance was a delicate one that I had to face continually. I will, therefore, return to it later in my thesis.

Finally, two Opposition politicians, Margaret Austin and Dr. Liz Gordon, were interviewed to provide different perspectives on the national political fight back against bulk funding. Their positions were also divergent, Mrs. Austin having accepted quite a few aspects of bulk funding while she was the Opposition Spokesperson on Education between 1990 and 1993, but Dr. Gordon, an Alliance Member of Parliament from 1996 onwards, was opposed to it resolutely. In a significant sense, Dr. Gordon provided, in particular, a weighty element of counterbalance to Dr. Smith's and Mr. Peachey's impassioned advocacy of bulk funding.

As has been pointed out previously, the documentary analysis work was to take primacy but was supplemented in a significant way by the use of the interviews

obtained from these major players who had been involved intimately in the bulk funding debate. As Lodico, Spaulding, and Voegtle (2006, p.55) have pointed out, it was efficacious to incorporate interview participants who could be viewed as key informants because they would match the definition of “those who have some unique information or knowledge of the phenomena being studied”. This was true particularly of the former Minister of Education, Dr. Lockwood Smith, who had staked his Ministry on the policy of the bulk funding of teachers’ salaries. He was in a unique position to offer commentary, and certainly delivered a striking interview with opinions that were still held trenchantly. As mentioned before, the late Allan Peachey was definitely one of the more vocal proponents of bulk funding. He had relished the opportunity to implement it at his own school, and to the very end had advocated for its reintroduction.

The qualitative instruments that were employed were those of in depth free-range interviews with a strategy of allowing the key informants themselves to elaborate their views at length and follow their own interests in the subject to their logical conclusions. To balance the subjective nature of their recollections, it was also necessary to factor in Lodico, Spaulding, and Voegtle’s (2006, p.61) concepts of “benefits, limitations and reflections”. The benefits included the informants’ closeness to the topic; the limitations often stemmed from the same source in that it was difficult for participants to maintain any kind of objective distance, while the reflections could prove nebulous in some cases, the clarity of detail having faded with time.

Nevertheless, such limitations could be mitigated by a strategy of using the interviews to focus on what Lodico, Spaulding, and Voegtle (2006, p.62) have called “[the] unanswered questions from the last few studies in the literature review”. This strategy proved to be true in this case because gaps were able to be bridged through the judicious use of participants’ new information. One of the most noteworthy instances of this phenomenon took place during the course of this thesis when Dr. Lockwood Smith confessed that his Government should have introduced

compulsory bulk funding across the board in all schools instead of relying on volunteers early in their first term. This was the conclusion he had reached by mid-2011, a full two decades after the events in question.

Brink and Wood (1988, p.66) have also highlighted the importance of having “[a] strong rationale for the interviews” based on the research problem and on the literature review available. The gaps of knowledge in my literature review regarding the disappearance of bulk funding from the National Party’s 2008 Manifesto was a case in point. When the question was posed to the late Allan Peachey, he implied in his reply that his colleagues had lacked the necessary fortitude to stay the course and to continue to advocate for the reintroduction of bulk funding. The interview analysis strategy, therefore, aimed specifically to ‘plug’ these gaps in knowledge. The questions needed to be addressed directly in several instances, such as in the above case.

So what, then, were the questions asked of interviewees? Together with my supervisors, I had formulated a list of questions designed to encourage the participants to really open up about their experiences under bulk funding. The questions and the interviewees’ responses can be consulted in the Appendices to this thesis (p.i- ix)

Each of the seven face-to-face interviewees was asked about their background in education and when they had first heard about the bulk funding of teachers’ salaries as a policy. These opening questions tended to relax the participants and encouraged them to extrapolate upon their answers. Afterwards, by asking each participant to expand upon what he or she understood the term ‘bulk funding’ to mean, each was willing to attempt to define both the term and its ramifications for themselves and for their audiences, often explaining his or her own educational philosophies vis-à-vis bulk funding and teachers’ salaries in general in the process. The loquacity engendered by the previous question could be brought up further by then asking the participants to elucidate their views as to how well or otherwise they

actually thought bulk funding had been implemented between 1992 and 2000. Because of the prior confusion between 'bulk funding' and 'merit pay' as outlined in Chapter One, interviewees themselves were also asked to explain what they understood the two contested and frequently confused terms to actually mean. It seemed they were only too content to expand at length upon these definitions. The respondents were then asked about the specific educational settings where they might have witnessed bulk funding operating in practice, and about how well that had gone in their estimation.

In order to try to establish an overview, concluding questions were posed as to whether they thought bulk funding should be reintroduced and why they thought the polarisation in the bulk funding debate had been so intense. In trying to explain bulk funding's contentious nature, interviewees tended to outdo themselves with thoughtful and lengthy responses. During the interview sessions I found that interviewees were eager to share as much detail as possible about their experiences under bulk funding. Therefore, an archive of research material was built up.

Former ACT Party leader Dr. Don Brash agreed to answer interview questions with an emailed reply in October 2011 at the same time when former Prime Minister Bolger and former Minister of Education, Phil Goff did not respond to the emails I had sent them in my capacity as the researcher. Brash, though, was able to outline the ACT Party's support at the time for the principles of local communities evaluating and rewarding their own teachers.

That is why it was so necessary to choose interviewees from both sides of the debate and from all sides of the political spectrum. Thus a more rounded and more stereoscopic picture emerged into view.

2. 4. Secondary Sources

The secondary material utilised by this thesis has included articles in academic journals, professional publications, and in the popular press. This included especially Gordon's (1991, 1992) original articles analysing the bulk funding policy just before the bulk funding of teachers' salaries came into force in the 1992 fiscal year. These articles appeared in the *New Zealand Annual Review of Education* and in the *Journal of Educational Policy* respectively. I selected the Gordon (1991) material because it was contemporaneous with the introduction of bulk funding and because it had a clear, consistently developed point of view. This research constituted valuable secondary material as it had included all the available political position papers at the time as well as the teacher unions' responses.

Major developments in the bulk funding debate helped me to focus my enquiry around specific documents, such as The Treasury's (1987) *Government Management II* and the Department of Education's (1988) *Tomorrow's Schools*. With the election of the National Government under Prime Minister Jim Bolger on 27 October 1990, the incoming Minister of Education, Dr. Lockwood Smith, made the introduction of the bulk funding of teachers' salaries a priority. The latter had been foreshadowed by The Treasury's (1987) exhaustive *Government Management: Volume II*, but this was the first time that a New Zealand government had dared to implement the salaries' component. Accordingly, I wanted to check the official government sources where they introduced the reasons behind bulk funding because it became evident that an economic imperative derived from the New Zealand Treasury was in operation. Archives New Zealand and Treasury documents themselves were remarkable in that they showed such a clear ideological position so unapologetically.

The Fourth Labour Government which had been ousted in October 1990 had preferred to implement the significantly less controversial Operations Grant component of bulk funding which covered essentials such as capital plant, power

charges, and the like. A PPTA-commissioned researcher, Bronwyn Cross (2003, p.6), had noted that former Prime Minister David Lange, had deferred the implementation of the salaries component until 1991 while pressing ahead with the introduction of the Operations Grant in early 1989 while he was still the Minister of Education.

However, as Openshaw (2009, p.158) had found “Lockwood Smith ... appears to have become convinced that the emerging bulk funding controversy was not only central to the success of his own tenure as Minister, but could also be ‘make-or-break’ for the future of the whole Tomorrow’s Schools initiative”. It was valuable to look at secondary historical overviews such as Openshaw’s (2009) in order to make sense of the entire period of educational reform as a whole.

For example, the Picot Report (1988) initiated a sea change in education policy. For the first time since the nineteenth century, localities were to be given control of teachers’ salaries. However, this research had to focus on more than just the national documents such as the Picot Report (1988). It also needed to include an international perspective. Hence the detailed look at American researchers such as Apple’s (1991) theoretical articles which tied what Fiske and Ladd (2000, p.3) termed “the New Zealand experiment” in education into a wider, New Right context.

In many ways, the bulk funding of salaries can be seen as the lynchpin of the post-1984 government strategy in education. Apple (1991, p.5) had summarised this strategy as being symptomatic of a state extricating itself from the business of financing and providing for public services such as education. Other commentators, such as Snook (1997), had referred to this as part of a ‘New Right’ strategy that impinged on all areas of government at the time. Apple (1991) and other American researchers’ work was important to access because it gave an outside, distanced perspective as well as an international context for the discussion. In later chapters, I will discuss what I have come to see as an American historiographical school of thought whose members have overstated the radical nature of the New Zealand

experience under bulk funding. Apple (2013, p.2) has invited students of education “to do what (you) always do – ask whether the reflections, examples and arguments ... fit (your) reality and (your) society.” I intend to take Apple’s (2013) advice throughout the course of this thesis and will argue for a less ‘radical’ interpretation of New Zealand’s ‘experiment’ with bulk funding.

Therefore, partly in reaction to the public controversy in New Zealand at the time and partly because he was convinced of the merits of the bulk funding of teachers’ salaries, Dr. Smith, in his capacity as the then new Minister of Education (1991, p.1), had attached an education policy document entitled *Investing in People—Our Greatest Asset* to the July 1991 Budget. The document stressed that “schools will soon be able to opt into a voluntary scheme, to start in 1992”. The voluntary scheme referred to was the bulk funding one, relating specifically to having the freedom to determine teachers’ salaries. At that stage there had been two years worth of experience already with bulk funding Operations Grants for school administration in some target schools.

School authorities started to opt into the scheme in 1992. For example, Westlake Girls’ College on Auckland’s affluent North Shore was quick off the mark to join up under the then Principal, Alison Gernhoefer. The trickle of schools entering the scheme in 1992 had only widened gradually by 1996.

Talk of expansion of the scheme was definitely in the air throughout those years. Further incentives were still being offered for schools to enter as late as 1998 and 1999 in New Zealand Government annual Budgets under the Ministers of Finance for New Zealand, Bill Birch and Bill English respectively. Cross (2003, p.22) summarised events after the May 1998 Budget when the then Minister of Education, Wyatt Creech, “... in a written answer to the House ... said that the Budget anticipated that 80% of schools would have joined the scheme by the end of 2001.” Cross had found that prediction hard to reconcile with the less than 20% of schools

who actually subscribed to the bulk funding of teachers' salaries scheme at that point in 1998.

Teacher union sources constituted important secondary material because these sources explained the depth of opposition to bulk funding and how such trenchant opposition derailed the policy eventually. For instance, Cross' (2003) research for the PPTA gave a consistently antagonistic view of the bulk funding initiative during the 1990s, which was based on her reading of history. My response has, therefore, been to access a very wide range of secondary sources in order to encompass opposing viewpoints, whilst keeping an open mind as far as this was possible.

For instance, it became necessary to access a third source of secondary material, namely that of the 'neutral' civil service whose members were responsible for implementing aspects of the programme. Bureaucratic sources, such as Ministry of Education-commissioned Reports (1996), showed that there was some analysis of bulk funding's impact in the first half of the decade as well as of the planning put in place for additional schools to come into the bulk funding fold after 1996. What I concluded from this literature was that officially at least, the extension of the bulk funding of teachers' salaries to all New Zealand schools, via the raft of incentives, was still one of the goals of the minority National Government until its own electoral defeat in November 1999, but that much of the impetus to implement bulk funding had slowed down considerably by around 1996.

This official support for the bulk funding policy notwithstanding, there was, as Gordon (1991) had noted, never a shortage of controversy. Her secondary material had quoted the Nga Tapuwae PPTA Branch in South Auckland as saying that as a branch, it "will do all in its power to enhance the PPTA black ban on applying for jobs at Westlake Girls' until bulk funding is stopped". It was evident that some Westlake Girls' PPTA Branch members supported that stand which had caused concern for the then Principal, Alison Gernhoefer, who was not to retire from that position until the end of 2011.

Thus, it can be seen that the historical problem is a specific one relating to the bulk funding of teachers' salaries. It omits the Operations Grant side of the equation which had generated less debate and had excited less passion. It is important to contain this historical problem within parameters. Historically, questions about teachers' salary rates have tended to excite comment and interest.

McGeorge (1993) was another secondary source that proved to be particularly helpful for this thesis because of his detailed work on teachers' salaries in the nineteenth century which showed that many local regions still retained control over their teachers' salaries despite the presence of the 1877 Education Act. McGeorge, an educational historian at The University of Canterbury, had analysed the laissez-faire salary rates paid by different New Zealand education boards in the early Liberal Government of the 1890s. He had found that there was contemporaneous political agitation relating to the levels of teachers' salaries in New Zealand in the 1890s, owing to the "distinct inequalities ... in salaries ... in a country where school sizes and types vary markedly and where climate and schools' physical condition also vary" (1993, p.5).

A century later, in the 1990s, many interest groups such as the PPTA, as shown by Cross (2003, p.27), feared that the problem of distinctly unequal salaries was poised to rear its head again. Creswell (1994, p.49) had argued that "in applied social science research, problems arise from issues and difficulties involved in actual practice". The education policy of the bulk funding of teachers' salaries did engender an array of issues and difficulties during its short eight-year period of effective operation between 1992 and 2000. In fact, the history of the policy in the 1990s could be characterised as one of contestation.

This contestation, in turn, fostered practical problems which inhibited the implementation of the policy. Creswell (1994, p.50) had argued that sometimes the difficulties involved in actually implementing a policy could then stifle that policy's operation in practice. This seems to have been the case with bulk funding for

certain. In fact, it could be argued that the depth of opposition that the bulk funding policy attracted led eventually to the withdrawal of the entire policy by Order-in-Council by the Governor-General in June 2000.

It was evident that on occasion the resistance was fierce, as Cross (2003, p.17-18) has outlined in the case of Waimea College near the city of Nelson in 1996. The resistance was so strong that the bulk funding policy could scarcely be put into place. From the opening of the school term in February 1996, the Waimea College's activities were paralysed owing to the no-confidence motion passed by the staff against the Principal. The Minister of Education, Dr. Smith, "became personally involved in the dispute and spoke at an emotional public meeting after which the Board of Trustees's members resigned". During his interview Dr. Smith gave his opinion that Mr. McMurray, the Principal of Waimea College in 1996, "was a lovely guy" who had been subjected to "... vicious ... personal attacks."

Ironically, resistances had been anticipated from as early as the New Zealand Treasury's (1987) *Briefing Papers to the Incoming Government*. By the mid-1990s, Cross (2003, p.14) could cite multiple instances of resistance on the part of teachers. At Opunake High School on the North Island's East Coast, the entire PPTA Branch "walked off the job in protest on 21 September 1995" after the school's Board of Trustees had opted into the salary component of bulk funding.

Onehunga High School teachers in South Auckland also walked out of the school on the same day as their Opunake High School counterparts, "... and for the same reason, though, unlike Opunake, their Board reversed its decision". Therefore, it can be seen that direct action taken by teachers often led to consequences such as the withdrawal of decisions to opt into the teacher salary bulk funding scheme. The high price exacted by resistances certainly impacted upon the efficaciousness of the policy as a whole. On 20 November 1995, Dannevirke High School staff in the lower North Island went on strike, while staff at Wairarapa College near Wellington followed suit on 1 December 1995.

Hence, it is apparent that there was a wide geographical spread to the resistances and to a range of opponents who created 'difficulties' for the smooth implementation of the salary bulk funding policy 'in practice'. With the benefit of hindsight during his 2011 interview, Dr. Smith (Smith interview, 2011, p.liii) had argued that it had been an injudicious piece of advice to have "recommended to my colleagues-that we should, rather than impose bulk funding on all the schools-that we should put in place a voluntary model" Looking back, he felt that there could have been more successful results for the salaries' component of the bulk funding policy had the adoption of policy been mandatory.

2. 5. Concluding Thoughts

As we have seen, stances such as Cross' (2003, p.26) and Snook's (1997, p.3) take a markedly negative view of bulk funding whereas Peachey (2005, p.78) had declared that bulk funding was a totally positive development.

These widely divergent stances once again begged a question which also constituted a central problem for me: 'How was I going to position my study in the light of what these diametrically opposed sources were arguing?' My study will show that there are both advantages and disadvantages with the Cross (2003) and Snook (1997) anti-bulk funding view, and will conclude that these will need to be explored fully.

Similarly, there are benefits and drawbacks to the Peachey (2005) pro-bulk funding thesis. The degree of polarisation which the debate has provoked has tended to obscure the objective merits of each advocate's case. Hence there is a need to dissociate ourselves from too much polarisation in our own thinking about this historical conundrum. Hawthorn (1987, p.21) found polarised thinking to be too limiting, because it exposed a researcher to the charge of accepting entrenched positions held by participants in the debate at face value.

However, despite this caveat, my study will conclude that the depth and breadth of opposition to bulk funding doomed it to disappointment in education policy terms inevitably. It was not possible for the bulk funding of teachers' salaries as an education policy to surmount such a pronounced degree of opposition or to succeed in such a hostile climate.

It is apparent that the bulk funding policy, though, had a longer historical genesis than has been acknowledged previously. It is part and parcel of an ongoing debate about the central versus local control of education which has been prevalent throughout New Zealand history right from the early nineteenth century. These processes will be examined in more detail in the following chapter.

CHAPTER THREE

LOCALISATION AND LATER TRENDS TOWARDS CENTRALISATION: 1815-1942

Significant historical change, in the form of a controversial education policy like the bulk funding of teachers' salaries, does not emerge fully formed from an historical vacuum. It is part and parcel of a longer term process of historical evolution. The preceding chapter examined mainly the early nineteenth century New Zealand schools which had been based upon church missions and other private providers. As a result, teachers' salaries had shown considerable local variation.

In nineteenth century New Zealand, communities banded together to support the costs of a teacher. Although the Bay of Islands in the early 1800s may seem remote to us today, it is important to examine this period because of the communal approach taken by the then Maori majority society to employ and pay their teacher's salary rates freely. This approach led them to address, very early on in New Zealand's educational history, many of the issues which were later to characterise the bulk funding debate in the twentieth century. The same tensions and desires were evident in the Maori community of the 1990s, some of whose members embraced bulk funding.

Moon (2006) had noted that the first school at Oihi Bay was established deliberately on the northern shores of the Bay of Islands, under the protection, sponsorship, and indeed mana or power of Hongi Hika's influential hapu within the wider Ngapuhi tribal confederation. Hongi Hika's hapu was one that had adapted readily to the technological changes brought by the Pakeha. The hapu exploited successfully this foreign technology to boost its own political standing within Ngapuhi society. Hongi Hika achieved this largely by dint of his own aggressive, competitive instincts against other rival Ngapuhi hapu, some of whom had originally had higher status than he had held in pre-European contact days. One of the ways in which the hapu

competed against other sub-tribes concerned the rights to build the Oihi Bay Mission School.

Capitalising on his closeness to Anglican Bishop, Samuel Marsden and to the Church of England hierarchy, the Hongi Hika hapu won the rights to build the first school on their whenua, the land that they themselves controlled. The land for the school was provided gratis to the Church of England and the profits from produce sold to passing sailing ships, chiefly American whaling vessels, were used to cover Kendall's expenses as schoolmaster (Moon, 2006, p.36).

It is interesting to consider that it was nascent private enterprise that was responsible for paying Kendall's salary. Local Maori provisioned the increasing traffic in visiting European and North American ships. The Hongi Hika hapu, along with other Ngapuhi hapu, traded in fresh vegetables and in animals such as pigs and sheep which had been introduced for meat consumption. They also traded the sexual favours of their women, and, as the Musket Wars commenced in earnest in 1819, participated in the trade of toi moko or preserved shrunken heads of their Ngapuhi tribal enemy members, particularly those of warriors who hailed from rival tribal confederations such as Auckland's Ngati Whatua and Rotorua's Arawa, who came from other areas of the North Island lying further south from the Ngapuhi territories.

Crosby (1999, p.57) has written extensively about the toi moko phenomenon during the Musket Wars era, and has found that it was overseas demand that made shrunken heads such a valuable commodity to trade. The Ngapuhi could use their leverage from their control of the trade to fund those activities that would increase their power and wealth; in short, to boost the mana of their iwi. One of these activities was education, which the Ngapuhi and especially the Hongi Hika hapu recognised as being a service of great potential value. Therefore, they were prepared to pay for mission schools themselves.

Rather than the Anglican Church paying for the schoolmaster's upkeep it was in fact covered by a hapu of the Ngapuhi iwi, using the fruits of their own private, capitalistic endeavours. Thus the tension between central and local interests was evident right from the earliest days of the colonial period. The Anglican Church authorities were certainly aware of the savings that could be made by adapting themselves to and encouraging this type of business arrangement.

It must be remembered, however, that payment was not always granted in monetary terms. Thus, an elastic definition of Kendall's salary was applicable. This early trade in terms of international shipping traffic was driven on the Maori side often by the strong motivation to acquire flintlock muskets in order to wage pre-emptive war against tribal enemies, as Crosby (1999, p.56) has detailed.

Indeed, Moon (2006, p.37) noted that Kendall himself received the thoughtful gift of a musket for self-protection from his patron, the rangatira, Hongi Hika himself, as part of his schoolmaster's payment. The barter involving commodities and the widespread exchange of services was all part and parcel of the early Bay of Islands' economy. Monetary exchanges were comparatively rarer. However, cash payments to the Maori tribes for the goods and services that they provided was not unknown, and Kendall did receive florins and the occasional golden guinea in addition to the victualling of provisions that the Hongi Hika hapu furnished him with, in exchange for his provision of teaching services.

By 1821, Marsden was ready to spread the Church of England's mission school system "southward and eastward" throughout the Bay of Islands, as Butchers (1932, p.2) summarised it in a phrase praising "Marsden's far-seeing organisation skills". Rival church organisations, first the Wesleyans then the Roman Catholics, sought thereafter to emulate the Anglican Church's lead in setting up mission schools. Butchers (1932, p.3) noted that "... In 1822, the Wesleyans, and in 1838 the Roman Catholics, led respectively by the Reverend Samuel Leigh and the Right Reverend

Bishop Pompallier, also established Missions in the North and embarked upon a similar policy of constructing schools.”

It is noteworthy that the salary arrangements for teachers at the early mission schools in the Bay of Islands were often flexible and based on ‘bulk grants’, from which salaries were drawn for the school teacher and for the support of the school teacher’s family, members of whom worked frequently in the schools as well. Hence, the relevance of this distant historical material to the later development of bulk funding can be determined. Moon (2006, p.200) noted that the Anglican Church tithed funds in order to pay for the mission’s publishing activities and for its corresponding programmes to teach literacy in the Maori language first and then in English later.

Ballantyne’s (2014, p.3) selection of the Paihia Mission’s Minister’s wife, Marianne Williams’ journal entries which are housed in the Alexander Turnbull Library, showed the crucial role of female labour in the mission’s tea technically ching programme. It must also be remembered that this work may have been unpaid technically in terms of drawing a salary, but tithing funds were used to cover expenses. How these informal female teachers worked can be seen in one of Marianne Williams’ journal entries of January 1822 (2014, p.3) which reads as follows:

I asked Te Koki if he could send me some girls to come and live with our family to help me with the children and the housework. The young girls he sent had been taken as slaves from another tribe after a war. I have given them clothes to wear and blankets for sleeping. In time I hope to teach them to read and write.

It can be seen from this extract that women were important vectors of a culture of literacy in early nineteenth century New Zealand. Anglican Church stipends sustained the mission wives’ efforts to instruct Maori students who, in this case, were slave children who had been captured by the Ngapuhi in the type of Musket War raids detailed by Crosby (1999, pp.56-57).

By July 1825, Ballantyne (2014, p.9) explains, Marianne Williams had recruited her sister-in-law, Jane, as a teaching assistant:

Jane and I share teaching duties. Our aim is to have our evening meals together. Thus, one of us teaches in the afternoon while the other is the cook. We run classes in history, geography, writing, sums, grammar and plain sewing for the mission children in the morning, and run a native school in the afternoon.

Therefore, 'bulk grants' or tithes from the Anglican Church to the missions were fostering a cottage industry of sorts in these first Bay of Islands schools. The female family members were responsible for devising both the teaching programme and for instructing the students. Much of the purpose of this work, however, was to fulfill a religious agenda. The Maori iwi were meant to use their newly-acquired literacy to read the Bible and to promulgate the Christian faith. A later entry from August 1825, included by Ballantyne (2014, p.10), explained that: "Our nephew, William, is the first to be baptised in the Maori language. Henry and I use the catechism to instruct the Maori about the Church's sacred teachings."

All of New Zealand's early schools, therefore, were denominational schools, including a school established at Paihia in 1828 for the children of the missionaries themselves. The salary arrangements for the schoolmasters were similar to a mixed barter system coupled with an exchange of services, leavened occasionally with monetary remuneration, as the Reverend Kendall experienced sometimes after 1816.

One interesting point to note, especially in the light of New Zealand's twentieth century educational history wherein Te Reo Maori or the Maori language was suppressed in New Zealand classrooms, was that the Maori language was often the lingua franca of these early New Zealand mission schools. The missionary teachers were being paid frequently to compile Te Reo Maori dictionaries, glossaries, and

publications. As we have seen, they were paid in cash sometimes, but more often in kind.

In many ways, Kendall and Williams were foreign teachers who had been hired by independent Maori political entities. As Butchers (1932, p.2) found, between 1835 and 1840 “no fewer than 75,000 publications in the Maori language were printed and distributed at the Paihia Mission Station by the Reverend William Colenso.” In addition, after mission schoolmasters had prepared the drafts of the texts, a further 80,000 Maori language copies of texts were sent out from England to New Zealand mission schools between 1820 and 1840.

However, what Butchers (1932, p.3) called “the leopard’s spots of sectarianism” tended to bedevil these early schools. Anglican, Wesleyan, and Roman Catholic mission schools were juxtaposed in Far North villages by 1840 frequently, whilst the sects had simultaneously become “embittered and the Natives divided amongst themselves and embroiled in fierce disputes upon subtle points of denominational doctrine”. Amidst the conflict involving the sectarian schoolmasters, Moon (2006) noticed that the Church of England had the advantage. As the first-established denomination and the ally of the most powerful and influential Ngapuhi hapu, the Anglican schoolmasters, starting with Kendall, could receive greater ‘salaries’, both in terms of cash and kind. Therefore, they were the winner schools, to borrow the modern idiom, in this early system of private remuneration.

This situation changed in 1840 after the signing of the Treaty of Waitangi between Lieutenant-Governor William Hobson and the majority of Maori iwi, represented either by their rangatira or by their rangatiras’ accredited representatives. The independent Maori tribal confederations became British subjects under Queen Victoria in the English language version after the signing of the Treaty. The Maori people, therefore, acquired “the rights and privileges of British subjects”, while the Crown itself gained government service provision rights, including that of the provision of education. From a situation where private religious organisations

operating in the localities controlled the education system, education was to become the sphere of the regional authorities. The stage was thus set for the assumption of some degree of control by larger, more regionalised, governing bodies. In this fashion, education fell under the Provincial Governments from 1853 and did not come under the control of central government until 1877.

Thus the theme of local versus central control of teachers' salaries started emerging early on in New Zealand's education history. However, as Butchers (1932) had also noted, New Zealand's post-Treaty of Waitangi history, especially for the succeeding twenty years, turned upon the fulcrum of the development of colonies established in provinces lying at some distance from the Bay of Islands. For example, the far-flung Wakefield colonies of Wellington, established in 1840; Taranaki, established in 1841, and Nelson, established in 1842, shifted the balance of power away from the Bay of Islands toward other regions.

Wakefield also wanted to establish a replica British class-based society, quite different from that of the earlier Maori-dominated Bay of Islands' milieu. Later South Island colonies, such as Otago which was established by Presbyterian Scots settlers in 1848, and Canterbury which was established by Anglican settlers in 1851, shifted the balance of power even further away from the Bay of Islands. The establishment of Auckland under Lieutenant-Governor Hobson in 1841 also compounded this trend. Therefore, the centre of educational gravity moved away from the locally-controlled Bay of Islands' mission schools.

Private philanthropy, rather than the corporate church funding made available to and provided by the mission schools, became an important source for teachers' salaries once the new Wakefield settlements, especially that of Wellington, were launched. The Alexander Turnbull Library's collection of New Zealand Company minutes (25 May 1839) contained the following excerpt:

A lady intends to establish a school for the benefit of the children of the aborigines and the poorer classes of settlers. She has purchased one of the preliminary sections of land at Port Nicholson, in Cook's Strait ... which she gives as a perpetual endowment for the purpose, and has taken upon herself the responsibility of guaranteeing a master and mistress, with their daughter as an assistant, for whom she has likewise provided free passage and accommodation upon arrival in New Zealand ... the teacher engaged is Mr. Buchanan who during the last twenty years has superintended the first institution of this kind established in England.

Private investors in the New Zealand Company, resident in England, were, therefore, sponsoring education for 'natives' and 'indigents' from the earliest days of the future capital city of New Zealand from 1865. A private donor was, in fact, paying for a family of teachers to be employed. This was a more formal arrangement for teaching employment than that which had prevailed in the Bay of Islands mission stations during the 1820s.

However, the settlement of Wellington did not necessarily proceed smoothly or according to the New Zealand Company's plan. As Ward (1928, p.66) has outlined, when the first settlers arrived in Wellington Harbour they were driven by rough weather to Petone near the mouth of the Hutt River where they attempted to construct the new settlement of Britannia in the wrong location. Then, they endured a savage winter:

The pioneers of the Port Nicholson settlement were nothing if not thorough; and when they discovered that they had made a mistake, they made it their first business to correct it. Thus they landed first at Pito-One ... (to establish Britannia) ...in the teeth of all possibilities of the extravagance of wind and weather ...and for obvious reasons decided that Pito-One was not the proper place of settlement, and the move was made over the harbour to Thorndon.

Despite the trials and tribulations of establishing the colony, public subscription supported the New Zealand Company's programme which placed an important emphasis upon education. Schools were among the first institutions which were meant to be built, and the public funds which had been subscribed were intended to fund the schoolteachers' salaries. The New Zealand Company functioned, therefore, as an embryonic government, and its investors were somewhat analogous to taxpayers who were funding public services.

Inasmuch as Wakefield sought to replicate the Old World social order in the Antipodes, it was interesting to find in the Turnbull Library's copy of the *New Zealand Gazette* (19 September 1840) that the construction of the school for the 'better classes' of European students was to be a public endeavour, as opposed to the reliance on private charity that we have seen in the case of the Maori and the 'poorer classes'. The European school in Thorndon was to be sustained by public funds which would also pay for the teachers' salaries.

Our fellow colonists are now busily engaged in removing to Britannia across the harbour and building and enclosing land there ... We hope ere long they will have some of their time at command, and we are sure they will not be slow to undertake the several measures of a public kind which ought to be brought into active operation. Among them we would mention the Library, the European School, Savings Bank and Temperance Society as entitled to their earliest attention.

Hence, the development of provincial educational systems became the most important determinant of teacher salary regimes. Webb (1937, p.4) saw New Zealand's early education system as being more in tune with the English national education model of "an education system financed by the State" but one that was controlled, theoretically by the localities rather than "the French system in which effective control is centralised in the national capital". However, Webb also viewed the distinction between "the interests of the State" and "the interests of local bodies" as a false dichotomy. To this end he declared; "for although local bodies may not

enjoy the immunities of the Crown, they are, on any realistic view, as much a part of the machinery of the State as (are) the Minister and his departmental officials”.

This was an interesting argument, for it showed that Webb thought of the New Zealand model essentially as a state-run model. He did not see tensions between the centre and the localities so much, as a co-operative partnership between them. In other words, they were part and parcel of the same machinery of state control. In this period (1853-1877), state control was exerted through the Provincial Governments. Webb (1937, p.2) had also thought that early New Zealand society presented ideal conditions for state control because of its small population and recent European settler history; whereas “... In England, the national education system was the product of a gradual and reluctant admission that other agencies of education were failing in their task.” There was also a desire to achieve greater uniformity in schooling provision in New Zealand at this time.

Webb's views were reflected in the fact that church mission schools and other private educational institutions became less significant after 1840, but it is important nevertheless not to overstate the case. By the 1890s there was considerable local autonomy and variation between districts, particularly with regard to teachers' salaries, as McGeorge's (1993) analysis shows. Even in a less populated, more homogenous, colony like New Zealand, the historical principle of tension between the Provincial Governments, Wellington, the capital city, and between other localities still applied. After 1840, districts in which there were 'Native Schools' which were set up exclusively for Maori students and which operated in provinces such as Northland, or those which had a large Maori population like Taranaki, had a different educational complexion from that of settler districts such as Wellington, where 'ethnic cleansing' during the era of the Musket Wars - to paraphrase Crosby (1999, p.66) - had depopulated the modern Greater Wellington area of its original Ngati Ira inhabitants. The conquering Ngati Toa under Te Rauparaha had, in many cases, moved on to newly-conquered South Island territories such as Marlborough.

From 1852 onwards, when the Provincial Governments were established, there was a period of transition from church-run education to education run by the provinces of New Munster and New Ulster. When New Zealand had separated from the Australian colony of New South Wales in 1840, the country was divided into the provinces of New Ulster, New Munster and New Leinster. The latter consisted solely of Steward Island. New Munster comprised the south of the North Island and the entire South Island. New Ulster, by comparison, comprised the rest of the North Island. Webb (1937, p.15) described the overlap in the following way:

... in the brief period between the organised colonisation of New Zealand and the establishment of Provincial Government, education facilities were provided and controlled by the churches as in Canterbury and Otago, or by private secular organisations as in Nelson, or by private individuals. The function of the State was limited to the provisions of grants under the ordinance of 1847.

This Ordinance was the handiwork of Governor Grey who had favoured religious education in this transitional period. Grey wrote that the 1847 legislation “was intended to assist denominational schools where church revenues were inadequate.” Thus the early New Zealand state from the late 1840s, like contemporaneous British colonies such as Hong Kong, played a role in subsidising church school buildings and paying the salaries of ordained schoolmasters.

This religious subsidisation notwithstanding, emerging notions of public education across class lines unconsciously played into the 1847 Ordinance. For example, Webb (1937, p.16) has explained that “the original plan for the foundation of Christ’s College (had) specific provision for schools for the working classes to be connected with the college and to be extended as circumstances require and means permit”. Thus it is evident that there was some idea in Canterbury at the time that an elite Anglican boys’ school could extend charity to working-class Christchurch boys on occasion. In this manner the sons of Sydenham might be permitted to rub shoulders

with the sons of the voyagers who travelled on the First Four Ships, in a school that the infant colony itself subsidised from church coffers.

Grey himself, as Governor, may have had an instinctive reverence for church education, but Webb (1937, p.16) pointed out that the New Munster Council “which was in nominal control of the country from Wellington southwards” refused to endorse the system of denominational education. As Webb (1937, p.17) reported, Grey, furthermore, considered that the outcome of the Council’s debates on the subject was that “a series of singularly clear-headed and enlightened resolutions” emerged, because the New Munster Council “proclaimed the duty of the State (was) ... to provide education for all its citizens,” and that by the same token “denominational schools could not be adequate to the needs of the whole population”.

Therefore, even at this early colonial stage and before the advent of the Provincial Governments, the New Munster Council was attempting to promote a policy of secular education that did not adhere to a provincial model and that could become potentially more universal in nature. This educational model was developing along different lines from Governor Grey’s ideas of supporting the previous educational system of the missionary school model or supporting the church-based public schools which took their cue from nineteenth century English public schools such as Rugby, Eton and Windchester.

The provinces of New Munster and New Ulster, as prototypes for a New Zealand state, despite their support for Grey’s Ordinance were drawing occasionally upon progressive educational opinion in nineteenth century Britain. The New Munster Council was reflecting some of these ideals, thereby promulgating their views that church schools were not going to be adequate and that, therefore, public schools would have to be supported. Teachers’ salaries were administered better by provincial authorities, in the New Munster Council’s view. Furthermore, this point of

view presumed that salaries would be fairer if their levels were set by provincial councils.

However, the provincial education system set up by the Constitution Act of 1852 established preconditions which allowed variety in terms of salaries to flourish. Webb (1937, p.17) noted that six Provincial Councils were set up and has concluded that although “The Act did not specify where control of education was to lie ... the Provincial Councils, by meeting before the new Parliament and taking the task upon themselves, established a prescriptive right which was not challenged”.

From this vantage point in the powerful new Provincial Governments, the Provincial Councils had much financial authority and developed diverse educational regimes. The provinces of Canterbury and Auckland, for instance, favoured Grey’s system of state-subsidised denominational schools. Provincial Councils in Wellington and Nelson were, however, strong advocates of secularism. Nelson may have made concessions to Roman Catholic schools and Father Gavin’s activities there while bringing them under the umbrella of the provincial Education Board’s public purse yet preserving their right to autonomy within the schools, including the right to set the levels of teachers’ salaries. However, Webb (1937, p.24) noted that Wellington “allowed no religious instruction in any school maintained wholly or in part out of public funds”.

Furthermore, no ministers of religion were allowed to teach or to be part of the school management teams (Webb, 1937, p.25). The Province of Otago charted a middle course; its Provincial Council determined that under the Otago Education Ordinance of 1856 all educational curricula were to be administered by teachers’ approved by the Province of Otago. This was true for all subjects apart from religious instruction, which became part of the curriculum and was taught “only by such teachers as the church had declared capable of giving (religious) instruction”.

Nevertheless, despite such varied positions and educational policies that were apparently favourable to the Anglican church, as exercised in provinces such as Canterbury and Auckland, Webb (1937, p.25) concluded that the provincial government system in practice “[fostered] the development ... of a secular system of education administered with the assistance of local committees and financed partly out of local rates and partly out of Government revenue.” Teachers’ salaries were by and large still the responsibility of each provincial council’s board of education. Each board tended to exercise its own discretion at this point in New Zealand’s history.

The 1877 Education Act, despite its distance from us in time, is important to analyse in this thesis because of the alleged centralisation that it brought. However, it transpired that the picture was more complicated than one of full centralisation and, therefore, it is necessary for this thesis to examine it. It is interesting to note that the architects of the 1877 Education Act sought originally to conserve a degree of local control over teachers’ salaries in the Preamble to the legislation, especially in Section 4, and Section 5, with particular reference to Parts II to IV of the Preamble inclusively.

For instance, Charles Bowen and John Hislop, key architects of the Act, sought to preserve local boards’ control over expenditure items such as teachers’ salaries. Bowen had been Chairman of the Canterbury Education Board between 1872 and 1874, and had formed the strong view “that no form of compromise which gave religious bodies a share in the general control of schools was practicable” (Webb, 1937, p.26). Thus it was to be secular local boards who would continue to act autonomously, but not religious ones, especially because the state was paying the full costs of secular primary schooling.

Drawing on this conviction and his support of a New Zealand legislative precedent derived from England, namely Forster’s Education Act of 1870, Bowen provided a template for New Zealand’s national system of education. Forster’s Act had provided for universal primary school education in the event that “voluntary effort was

inadequate” to set up such schools. In such cases, the schools could then be “financed wholly by public money” (The Education Act, 1870). While drafting his Act, however, Forster showed that he was still wary of central control.

In Australia, the State of Victoria’s contemporaneous legislation, the architects of the 1862 Common Schools Act and the 1872 Education Act had also meant to preserve local control but also to provide public funding. However, there had been the unfortunate side effect of 10,000 school age children not being in any form of schooling whatsoever, as the Royal Commission discovered in Melbourne in 1866 (Education Act of Victoria, 1872, pp.ii–iii). The Provincial Governments in New Zealand were anxious to learn from these mistakes and to ensure that all eligible New Zealand children attended school.

Much more so than in Australia, Bowen’s proposed Education Bill, introduced into the House of Representatives in Wellington on 24 July 1877 and before it became the Education Act itself, was, according to its author, “the most decentralising bill that has been passed in any English country”. And so it appeared in theory. The office of the Minister of Education and of the Department of Education itself had been established by the Education Act to “distribute capitation grants to local Boards” as well as to keep central records based on local reports concerning matters such as the classification of teachers and the levels of their remuneration. The Provincial Education Boards were largely untouched apart from Canterbury and Otago which were subdivided into smaller education board units such as South Canterbury and Central Otago. This was a reflection of the demographic realities of high population growth in those provinces at the time.

The standard capitation grant was also fixed under the 1877 Bill at £3.10 s. per child per annum to be paid to the relevant Education Board. As the Education Bill proceeded through Parliament in 1877 some Members of Parliament suggested amendments that would secure grants for denominational schools, but these did not

succeed. The system was to remain secular while provincial education boards would continue to determine teachers' salaries.

Despite Bowen's belief that he had strengthened decentralised control, commentators at the time noted the potential for both the Minister of Education and the Education Department to exercise central control. For example, the Member for Franklin, H.H. Lusk, felt that the wording of the Act meant that "... In every conceivable respect, action of the local Boards is liable at any moment to be over-ridden by the central power. No matter what it may be that the Board in the district thinks it right to do, the Minister in Wellington may over-ride it by a stroke of his pen." (McGeorge, 1993, p.4). Therefore, in no sense had the central versus local debate been settled by the 1877 Education Act. In spite of Bowen's philosophy and the appearance of decentralisation, the historical process of tension between the centre and the localities would continue apace.

Compared with the 1877 Bill, the provision of a statutory £3.15 s. grant in addition to the further nine to ten per cent allocated in buildings' grants, as the 1877 Education Act made possible, set up the pre-conditions for handsome financial dividends in later years as moneys accrued and as the colony expanded and grew wealthier, the recession of the 1880s notwithstanding. Thus there was the compulsory capitation grant, the buildings' grant, and an array of other pecuniary possibilities which were far reaching, such as "grants for manual and technical instruction, district high school and technical school fees, interest on deposits, rents and sales of unwanted lands or buildings, donations and bequests" as McGeorge noted (1993, p.5).

It is important to realise that the education boards had a great deal of sovereignty and, even more importantly, financial discretion with regards to employment matters in the latter part of the nineteenth century. Moves towards the centralisation of teachers' salaries were largely a twentieth century process, starting with what the *Archives New Zealand Centennial Report* (2001, p.15) identified as the "... national

scale of teachers' salaries and staffing in Government schools..." set up by the Department of Education in 1901.

The effects on teachers' employment conditions and on salaries were correspondingly diverse. Some social evils were also allowed to flourish, particularly in terms of employing cheap, marginalised, often female teachers. McGeorge (1993, p.6) has reported that many Boards "... could staff their schools more cheaply by making increasing use of pupil teachers and of women who were paid, typically, about two thirds of what men in the same position would be paid". Thus, by the late 1880s, "there was one pupil teacher for every two adult teachers". The pupil teachers were overwhelmingly female, and some were even paid in terms of 'free boarding' in lieu of salaries.

The net result was a situation where education boards were given "considerable financial discretion". For example, in North Canterbury in 1894, "70 sole charge schools had a combined average attendance of 1,464 pupils." (McGeorge, 1993, p.6). The total salary bill for the 70 teachers concerned was £7,491, but the schools concerned earned the Canterbury Board of Education only £5,490 as calculated by multiplying 1,464 students times £3.15 s. The three largest Canterbury schools of the time - Sydenham, East Christchurch, and West Christchurch - had a joint average attendance of 3,015 students who were attended to by 77 staff members. The three schools earned a combined £11,306 for their capitation grants, at the rate of 3,015 times £3.15 s. while their total salary bill was £7,009. By the mid 1890s this payment regime had led to a financial windfall situation in Canterbury, because there existed a surplus that was "more than twice as great as the shortfall on the salaries of sole-charge teachers." (Mc George, 1993, p.7)

In addition, adult teachers in these three large Christchurch schools received more in salaries on average than did the sole charge teachers, which translated to an average of £133 per annum compared with £107 for the sole-charge teachers. This felicitous fiscal situation had been made possible owing to the fact that 40 out of the

77 teachers in the three schools were pupil teachers who earned only an average of £33 per annum. Furthermore, the three city schools' classes were generally very large as well, operating at a ratio of "39 pupils per teacher if one includes pupil teachers, 81 per adult teacher." (McGeorge, 1993, p.7)

Having large schools within a particular education board's boundaries was, thus, the necessary prerequisite for that board's chances of financial success. If there were fewer large schools under a board's control then the fiscal position of that board would be comparatively weaker. For example, the Marlborough Education Board relied upon the big roll of Blenheim Main School for their financial advantages. The Blenheim Main School had the only school committee in that small district which could generate generous financial surpluses. The Westland, Grey, Taranaki and South Canterbury Boards owed a debt of gratitude equally to the small number of profitable schools within their administrative areas of jurisdiction.

Much more so than in the bulk funding era of the 1990s, salaries a hundred years before had shown considerable variation. As McGeorge (1993, p.7) had discovered, "Salaries differed markedly from board district to board district in the nineteenth century". A mere twenty years after the 1877 Education Act was introduced, there were significant nationwide variations. For instance,

In 1894, the average salaries paid to adult male teachers ranged from £202 per annum in Wellington to £105 in Marlborough which had a high proportion of small, aided or household schools. For adult women teachers, average salaries ranged from £113 per annum in Hawke's Bay to £64 per annum in Marlborough. (McGeorge, 1993, p.8)

Looking back historically, McGeorge (1993, p.9) postulated that it might have been expected that there would have been more mobility in terms of teachers leaving schools if they were under the jurisdiction of more financially impoverished boards of education, "given the clear connection between mobility and pay," he speculated that

there might, in fact, have been a “higher rate of exit from the profession as the most impecunious teachers sought other occupations”. However, in the final analysis, it seemed that the correlation could be established for men only and not for women.

The significant correlation “between the average salary paid to adult male teachers” in New Zealand Education Board districts in 1894 “and the percentage of men who were still teaching in that district” in 1899 could be determined as follows: ($r = .726$, $p < .01$, $df = 11$). The average salary in 1894 was also related, although not as strongly, to the percentage of adult males in a particular district to be found in the same school by the final sample year of 1899, which could be calculated thus: ($r = .639$, $p < .02$, $df = 11$). The corresponding figures for women were not statistically significant: ($r = .088$, $r = .004$).

The financial reward motive for male teachers, it seemed, was a cardinal factor whereas for women there might well have been family considerations. These may well have been more important for women than were pecuniary considerations. For example, they might well have been semi-indentured pupils, then pupil teachers, before supporting themselves temporarily as schoolmistresses prior to marriage. Career factors were less important for many women in that era than family obligations.

It also needs to be noted that a teacher’s job mobility, such as it was in the 1890s, tended to take place within one Education Board district, rather than between Education Board districts. The movement of professional teachers tended to take place internally, within a Board district, instead of occurring externally from Board district to Board district. An analysis of contemporaneous statistics tends to bear out this impression. When considering the nationwide total of all registered teachers in 1894, including all pupil teachers, we can see that, as McGeorge (1993, p.9) noted, “only 4.2 per cent of the males and 2.6 per cent of the females were teaching in a different Board district in 1899” from the one they had taught in in 1894.

This data highlights the trend that teachers who were employed by a particular education board in the 1890s were reluctant to move. They were especially reluctant to move from higher salary Education Board districts to lower salary districts “even when that move meant an immediate increase in salary”. They were placing a premium on long-term financial prospects presumably, rather than on short-term pecuniary gain. It also seemed to be more difficult for teachers from smaller, less well funded, districts to actually be appointed elsewhere; and in a less mobile age overall, it was comparatively uncommon to appoint outsiders to a vacancy in a given district. It was more likely that such an opening would be awarded instead to an existing staff member from within that particular Education Board district.

The overall implication of such practices in the 1890s was that there would have been distinct inequalities “in a country where school sizes and types vary markedly and where climates and schools’ physical conditions also vary” (McGeorge, 1993, p.10). It seemed that the more established urban based boards, such as the Canterbury Education Board, held distinct advantages over more sparsely settled, rural-based boards such as the Marlborough Education Board. These advantages were reflected also in more generous salaries being paid out by the former Board, while the disadvantages were reflected by the lower salaries being paid out by the latter Board. Hence, less populated Board districts and smaller schools were at a significant disadvantage.

One historical factor that had mitigated the nexus of inequity in the nineteenth century was that, as McGeorge (1993, p.10) had found, “cross-subsidisation could be effected at an intermediate regional level of administration” in those days. Nevertheless, as he went on to point out, “the adjustments were made at an obvious cost to pupils and teachers: (there were) marked differences between regions in pay and school conditions, extensive use of inexperienced or trainee teachers, considerable teacher mobility, and enormous classes in town schools”. Therefore, many of the historical effects uncovered by the 1890s ‘precursor’ case studies to the bulk funding examples of the 1990s were negative in terms of their net effects on

and consequences for education. The revolution of the wheel of historical scholarship meant that many New Zealand schools experienced perils such as industrial strife and a split between management and teaching staff, dangers which were to be encountered anew in the 1990s, one hundred years later.

Openshaw (2009, p.3) noted that the Education Act of 1877

[had] created a three-tiered public education system consisting of a centralised Department of Education, regional education boards and local school committees. Apart from some limited provision for scholarships to District High Schools, secondary education was to be reserved for a fee-paying colonial elite.

Even given the nature of this limited system, there was unfavourable contemporary reaction to the inequalities promoted by the different structures for teachers' salaries among different education boards. These different salary structures had exacerbated the tendencies to inequality in the entire colonial education system. By the 1890s, and with the election of the new Liberal Government under John Ballance in 1891, such inequities in the education system were an embarrassment to the Liberal Party's notions of an egalitarian New Zealand state.

As New Zealand emerged into the modern nation state era, a more comprehensive national salary structure for a national teaching service was required. It was felt increasingly that a streamlined national bureaucracy was needed to 'call the shots' and to determine a centrally-fixed salary scale that relied upon measurable teacher qualifications and levels of experience. Hence the adoption of the Departmental Guidelines of 1901 whereby the Department of Education introduced a national pay scale which defined teacher staffing ratios and, critically, step-by-step national teacher salary increments. Discrepancies and administrative anomalies were to be relegated to the past. Standardisation was to be the order of the day. Points on a centrally-determined scale were to be established in order to calculate the teacher's salary.

The theme of consensus for the central determination and administration of teachers' salaries emerged as an important one at the turn of the twentieth century. The Public School Teachers' Salaries Act of 1901 precipitated a raft of legislation over the next five years or so which codified the salary grades and the point-by-point increment rises along the salary scale. Such a period of educational legislative ferment ushered in a lengthy period of what Webb (1937, p.93) had called in a chapter, "Local Control in Decline."

The consensus period for the central payment of salaries was thus to dominate the bulk of the twentieth century. Only at the end of the century was the theme of locally-determined salaries to emerge anew. The reversion to the previous system of locally-determined salaries in the late nineteenth century shows the swing of the historical pendulum. Variable salary rates awarded to teachers who possessed similar qualifications and experience had been part of the provincial Education Board system. The return to such a system was part of a process which took a long time to emerge, and by the time it did historical memories had faded and the bulk funding system took on the aura of something completely novel.

The metaphor of the pendulum could well be a useful tool with which to explore the phenomenon, and it seems that already during the relatively short course of New Zealand's recorded history it had taken the best part of a century to establish local control of teachers' salaries. It was then succeeded by nearly a century's worth of central control. It appears that it takes about a hundred years for the course of the pendulum to reverse itself as Beeby (1992) also noted in his book. Therefore, the nineteenth century *laissez-faire* system's pattern of variable teachers' salaries was succeeded by codified twentieth century teachers' salaries which ran along a track of clear salary grades on a pre-determined set of rising salary scale points.

Openshaw, Lee, and Lee (1993, p.162) examined the legacy of the nineteenth century *laissez-faire* educational system. They concluded that the New Zealand education system then had been influenced by a 'Classical liberal philosophy,' a

position that was to be echoed a century later ironically by what O'Neill (1994, p.53) had termed 'Neo-Classical Liberalism'. Beeby (1966, p.17) described the New Zealand education system prior to 1900 as a 'Social Darwinist' jungle wherein students and teachers had to engage in 'survival of the fittest' tactics in order to exist. Teachers had to compete against each other for their pay in the process, Beeby observed.

The governing precept for the late nineteenth century New Zealand education system, according to Rex Mason (1944, p.58), appeared to have been that if the state gave the minimum of funding and the minimum of free elementary education to every child, then, as if by conjury, "those with the greatest natural ability would somehow fight their way towards the top". It must also be remembered that few parents would have seen schooling as being valuable or necessary for most students. However, Mason (1944, p.59) reported that when the market value of New Zealand's early education system rose, so, too, did the numbers of students attending.

McGeorge (1991, p.4) showed that lump sum payments for school disbursements and salaries had occurred before in New Zealand's educational history. Therefore, "... throughout... the nineteenth century, Boards were forced to revise scales of staffing and salaries as they juggled their incomes from the fixed capitation grant to meet the cost of staffing, maintenance and erecting new schools in newly-settled districts." In his later analysis of the boards in the 1890s (McGeorge, 1993), McGeorge's graphs for the 1860s to 1880s' period showed that "there was a tendency for salaries to be higher in the Education Board districts with the most pupils".

Openshaw, Lee, and Lee's (1993, p.78) research also uncovered some financial details under provincial council payments from the pre-1877 Education Act settlement. The councils could then grant partial stipends and capitation fees only, which left school authorities in a precarious financial situation. Schools had been

dependent frequently upon philanthropic donations and openly-solicited funds from wealthy patrons and private sector companies. Parents and the school associations were also targeted as sources of revenue. Within these types of constrained funding environments, it becomes evident that the issue of the funding of teachers' salaries is a crucial one.

Flexibility and lateral thinking were often called for. Pope, the Inspector of Native Schools, chanced upon the ingenious solution of tithing local Maori communities in order to pay for their trained teachers' salaries as well as to meet the cost of constructing and maintaining school buildings. This policy applied from the 1850s onwards. School materials were also paid for with these unofficial taxes. Openshaw, Lee, and Lee (1993, p.79) noted that these sorts of ad hoc arrangements could be made because many of the affected Maori communities, at least initially, were self-sufficient agricultural trading villages whose members sold fresh produce in order to participate in the cash economy.

Some of the services that Maori communities paid for with the proceeds from their sales of fresh produce were the salaries of their teachers. These teachers had to be fluent, or at least semi-fluent, in Te Reo Maori initially. As time went on, Pope transformed the philosophy and practise for Native Education. Henceforth, it was to be the role of the state to teach about 'Western civilisation' for the alleged benefits of the Native Schools' students. Consequently, the provision for teachers who were able to speak the Maori language was abandoned progressively.

As the state became increasingly paternalistic the Liberal Government and its supporters, after the election of John Balance as Prime Minister in 1891, started to assume more and more of the financial responsibilities involved with staffing Native Schools. This arrangement contrasts sharply with the history of state disengagement from staffing under bulk funding a hundred years later.

In general, Openshaw, Lee, and Lee (1993, p.93) showed that until the advent of the Seddon Liberal Government, after 1893 at least, there were conscious attempts to conserve scarce resources by minimising the impact of staff salaries which were then, as now, a significant part of the schools' spending regimes. One way to achieve this conservation of scarce financial resources was through the considerable use of cheaper female labour, especially in pre-school and primary school contexts where McGeorge (1993, p.10) has noted that the process of the feminisation of the teaching profession had been completed by the start of the twentieth century.

Hand-in-glove with this process came the widespread use of pupil teachers as cheap labour. It was common for female students to become junior staff members upon completing their Standard Six primary school year or, on rare occasions, their secondary schooling. Owing to the fact that theirs was a separate category of staffing, the pupil teachers or pupil monitors could be reimbursed at a much reduced rate, frequently only receiving board and provisions in exchange for their labour.

Middleton (1990, p.57) concluded that her research had revealed a great deal of inequity present in women teachers' salaries because of this laissez-faire system. This, in turn, had led to the politicisation of the New Zealand Women Teachers' Association at the start of the twentieth century. They lobbied parliamentarians extensively and lobbied the Staffing and Salaries Commission that had been set up in 1901. By 1905, the Association had been successful in securing an undifferentiated salary scale by inserting key modifying clauses to the 1901 Act to the extent that one out of the first three senior positions in every government primary school was to be reserved for a female teacher thereafter.

This Staffing and Salaries Commission, set up under the Seddon Liberal Government in 1901, had published recommendations over several years that led by degrees to the national standardisation of rates of pay and of salary step increments. Prior to this legislation - school committees, as we have seen, had to cover salaries

from the general grants fixed in 1877. These were often insufficient to cover the operations of a given school. This was a trend that was to emerge in several instances under bulk funding in the 1990s, a full century later. Unsurprisingly, there were allied cost-cutting measures in several schools that tended to impact unfavourably on teachers' salaries by 1900.

Webb (1937, pp.61-62) attributed the moves towards uniform, centralised teachers' salaries as emanating in no small part from George Hogben, whom he had referred to as "a very able administrator", further dubbing him "one of the ablest men ... [to] ... have served the State in New Zealand", from his days as Headmaster at Timaru Boys' High School through to his post as the Permanent Head of the Education Department after 1899. Ironically, Hogben had viewed himself as a great protector of education boards' privileges and as an arch-decentraliser, but the area of reform he felt he had to address urgently concerned the highly divergent teachers' salaries of the 1890s. Hence, Hogben gave very influential evidence to the 1901 Commission urgently requesting them to seriously consider the establishment of a national scale of teachers' salaries as a matter of urgency.

By the turn of the twentieth century, in addition to the perennial problem of wide salary differentiation among the districts, teachers' salaries in general had failed to keep pace with those of other professions and were actually, in Webb's (1937, p.68) words, "continuing to decline". The 1877 capitation grants were no longer providing competitive levels of remuneration, but in 1900 "the Boards were given a special capitation grant of 5s. on the condition that the money was used for salary increases." Some of the moneys thus accrued were apparently siphoned off apparently for the benefit of the schools' building programmes, however, contrary to the intent of the grant. Webb (1937, pp.68-69), in fact, attributed most of the slide in the value of New Zealand teachers' salaries nationwide by 1900 "to the increased demands on the funds of the Boards for building purposes".

The combination of these factors came to a head by 1900, with the results that the Royal Commission on Staffing and Salaries came into being in 1901. The Commission (1901, p.2) stated that it had been set up to:

... consider the best method of establishing a uniform scale of staffs and salaries to be in force throughout the colony of New Zealand under which the number of teachers employed in the public schools having an equal number of children in average daily attendance shall, as far as possible, be the same, and the teachers holding similar positions to one another shall, other things being equal, be paid equal salaries.

In response to financial concerns the Public School Teachers' Salaries Act of 1901 established a new capitation allowance of 11s. 3d. to cover administrative expenses as well as introducing a new national scale of teachers' salaries that was to be both determined and administered centrally. The net effect was that the education boards were "deprived ... of all control over a large part of their revenue... [they] ... ceased to be free agents and became in effect mere intermediaries between the teachers and the central government" (Webb, 1937, p.69). There was also the achievement of the NZEI's cherished aim of "a national superannuation scheme" for all New Zealand public school teachers. This scheme was established as a by-product of the centralised teachers' salary scales.

This historical legislation marked a pivotal point in New Zealand's educational history. This was the point at which the fulcrum tilted and the balance changed. The theme of central control of teachers' salaries thus emerged sharply in the New Zealand context. However, this did not mean that the tension between central and local control disappeared completely. There was still tension between the two competing themes in the minds of a participant such as George Hogben. Nevertheless, the abuses of the laissez-faire salaries' system which operated throughout the 1890s led to one of the historical turning points, a sea change from the old system of devolution to the new system of centralised salaries. Centralisation

became so powerful a concept that it established a consensus around itself that was to endure for the best part of the next century. The next revolution of the wheel was not to occur until the first definite mooting of the bulk funding of teachers' salaries education policy in the mid-1980s.

There were further additions and extensions made to the Public School Teachers' Salaries Act of 1901 between 1902 and 1905, to the point that the teaching service in New Zealand had become a national rather than a local one by the time that the Education Amendment Act of 1905 was passed. This reform had been achieved by nationalising salaries and additional pecuniary conditions, including superannuation. In place of the localised, piecemeal, system of the 1890s there was now a nationally-determined and nationally-regulated system of salary payments for teachers.

This important change notwithstanding, there was still localised control over the "machinery of appointment and promotion" (Webb (1937, p.69). The NZEI was particularly zealous in seeking to reform and centralise this salary payment system on a national basis. Their efforts, combined with those of reformist Parliamentarians, culminated in the 1905 Amendment Act which promulgated "[a] legislative definition of the procedure by which Education Boards consulted school committees when making appointments of teachers to school positions" (Webb, 1937, p.70). If there were four or fewer names applying for the appointment, the relevant school committee had the right to make the appointment. If there were more than four names two had to be selected by the committee, but the final decision resided with the board.

The Education Reserves Act of 1908 reduced the number of names to be submitted for any prospective appointment to four, and thereby "at a stroke removed a common source of friction between Boards and committees" (Webb, 1937, p.71). This legislation also extended many of the salary grades for teachers. The salary grades were rendered more comprehensive as a result. They also became more sophisticated in light of the increasing qualification levels of New Zealand teachers

at the time. Further salary grading steps were established, therefore, while teacher competence on the job could be rewarded by promotion to higher salary grades.

The Inspectorate had taken a prominent role in this transformation. Webb (1937, p.70) noted that “the Inspectors alone were (deemed) competent to draw up grading schemes” for teachers’ salaries and for promotion purposes. In addition, the NZEI had advocated strongly for the adoption of such schemes in educational districts such as Wanganui and, later on, Auckland. This was a success, in the sense that the Inspectorates in both Wanganui and Auckland supported such moves and were prepared to liaise with the NZEI to draw up these salary grades. Therefore, the NZEI worked in tandem with Inspectors in these localities, and the promotional salary grades in both districts were the highest in the country as a result. In districts apart from Wanganui and Auckland there was often less success in co-operating and working with the Inspectorial teams.

The Inspectorate in New Zealand as a whole had assumed greater importance from the 1890s. Hogben himself had served as a School Inspector in the Canterbury region in the early 1890s before becoming Principal of Timaru Boys’ High School. However, in Hogben’s day, the national Inspectorate was itself localised rather than centralised and this trend was true until 1915. Nevertheless, the precedents established in Wanganui and Auckland lent some weight to the NZEI’s case to extend their successful co-operation with those local Inspectorates to the national stage. Moves to centralise the Inspectorate developed into some of the more significant political pressures in education which gathered pace in the early twentieth century.

Inspectors themselves often encouraged or facilitated the process. The end results were the Education Act of 1914 and the Inspectorate Act of 1915 which transferred control of the Inspectorate to the central Department of Education in Wellington from the localities. The implications for teachers’ salaries were clear. The types of graded salary promotions that had come into force in Wanganui and Auckland were to be

translated to the national level. The governing regulations that resulted were frequently voluminous, each grading step being spelled out in minute detail. The teaching service became bureaucratised in the sense that both seniority and qualification levels were to serve as determinants and stepping stones to higher salary levels. Local exceptions were to be eschewed; it was to be a nationally-graded and rigid system.

Webb (1937, p.97) also argued that the Inspectorate Act of 1915, in reality, transferred control of the Department of Education to the Inspectorate; the Inspectorate became the senior partner. Amendments to the Education Act of 1914 also impacted upon the financing that could be provided to boards to cover teachers' salaries. Under the Inspectorate Act of 1915 education boards, which had reigned supreme at the local level hitherto, were subjected to "another change which severely curtailed the powers of the district Boards – the establishment of a national grading system." (Webb, 1937, p.98)

As has been seen in the 1890s, the previous system was riven with locally established salary rates which had led to an anomalous situation at the national level. The first national grading list of centralised teachers' salaries' to be published officially was issued in June 1916, "and for years later, with the consent of the teaching profession expressed through a referendum, the list became the basis of all appointments" (Webb, 1937, p.98). Salaries were, by 1920, fixed centrally and were reliant upon teachers' levels of qualifications and their length of service for primary and post-primary teachers.

An increasingly powerful troika of the centralised Inspectorate, the national Department of Education and the Office of the Minister of Education in Wellington took the lead in establishing and thereafter revising teacher salary scales. The role of local boards dwindled from being the controllers of the purse-strings and the effective setters of teacher salary rates to being mere administrators of the central government's will. They merely enforced the dictates of the central government and

served as clerks rather than paymasters. The boards' roles were restricted to arranging the actual salary payments to teachers, the rates of which had been determined elsewhere - namely at the centre.

It was important to describe and explore the increasing centralisation of New Zealand education between 1914 and 1942 in this thesis. Although these earlier twentieth century antecedents may seem distant from us in time, it is my contention that they were forerunners of the 1990s debates. That is one of the justifications for its inclusion.

The Education Act of 1914 was seen by Webb (1937, p.89) as one of the cornerstones of the Massey Government (1912-1925) and as a key indicator of the increasing centralisation of education, especially with regard to teachers' salaries. Webb (1937, p.89) interpreted the Act in terms of a triple convergence between the interests of three powerful forces. First, there were primary teachers who were agitating for nationally streamlined and for higher salaries naturally.

The primary teachers were represented by their vocal and effective association, the NZEI, which took on the role of a trade union eventually as well as that of a professional association. Primary teachers wanted a "national grading scheme and a centrally-controlled Inspectorate," in the expectation that it would help to augment their salaries and benefits. In addition, there was the force of public opinion which Webb (1937, p.89) saw as inchoate; a "vague yet powerful... opinion" in favour of retaining the privileges and influence of the boards and preserving some degree of local autonomy. Next, there were secondary school interests which were hostile to unified local control being exercised over the "three main branches of school education". This diversity of viewpoints tended to make the Education Act of 1914 an interesting mixture of influences and, in practice, an administrative oxymoron.

Under the Act there was to be a strong centralised apparatus of power, although in apparent contradiction "the apparatus of local control was left intact". Finally, the

influence of the secondary school authorities ensured that any semblance of local control would remain neutered. There was only to be the appearance, but not the reality, of local power. The power that was to count for the most part in twentieth century New Zealand education, particularly vis-à-vis teachers' salaries, was to be the power of the central government.

At this juncture, therefore, the importance of these early educational developments and the tensions they created for the bulk funding issue becomes more apparent. By the mid-1920s the trend that was to be most conspicuous was that of the growth of the centralised Department of Education's power at the expense of the boards'. New Zealand was almost to be on a par with the highly centralised Australian States which Webb (1937, p.127) identified as being well advanced in terms of their centralised educational administrations.

Ironically, Hogben had wanted to eschew the centralised Australian model earlier and to hold fast to a localised New Zealand blueprint. However, as we have seen, some of Hogben's own actions and the legislation that he himself sponsored had hastened the demise of local control in New Zealand education. The appearance of local control was a mere fig leaf because it masked the reality of strong central power in education. The boards were also compelled to surrender power to the Inspectorate. As Webb (1937, p.97) explained, their "... weight of knowledge, both of teaching and the minutiae of administration, placed them in a position of commanding influence".

One important common thread in this tapestry of centralisation, though, was the vexed question of teachers' salaries. The centralised grading system that operated in New Zealand was, in many ways, more centralised than that which pertained to Australian States such as Victoria and Western Australia which were thought commonly to run very centralised educational administrations. In those States, centralised teachers' salaries often comprised the glue that bound together the system of government-run educational administration. It is interesting to note that

New Zealand educational administrators managed to run an even more centralised system with regard to teachers' salaries. Thus the binding together of New Zealand's centralised educational administration at a national level was stronger even than that applicable to the highly centralised Australian States. This realisation highlights the overarchingly important place of teachers' salaries in understanding this perennial theme of centralisation versus local control.

CHAPTER FOUR

THE CENTRALISED EDUCATION MODEL MOSTLY IN THE ASCENDANT: 1942 – 1975

Ramirez and Boli-Bennett (1982, p.313) were clear in predicting that there would be increasing bureaucratic centralisation with the passing of time with particular reference to historical case studies. The bureaucratic systems that were put in place would cement themselves and thereby become largely self-perpetuating. Both the introduction and development of bureaucratic systems and their self-perpetuating natures seem to have been borne out in New Zealand, especially in relation to the expansion of state secondary education which had been stimulated by experiences such as the addition of the new School Certificate Examination in 1934 for the post-primary cohorts, as well as by emerging plans for post-war development in New Zealand. The introduction in 1934 of the School Certificate Examination, by the Department of Education, provided those primary school leavers who proceeded to a post-primary school after 1934 with another qualification to aspire to besides the University of New Zealand University Entrance (Matriculation) Examination.

The theoretical structures postulated by both Ramirez and Boli-Bennett (1982, p.315) and by Ramirez and Rubinson (1979, p.77) tended to be borne out by the increasing centralisation and standardisation of post-war secondary school teacher salaries, as had happened for primary teacher salaries earlier. These trends will be explained in more detail later in this chapter.

Openshaw (2009, p.19) viewed the great expansion of secondary education as being one of the key themes in New Zealand educational history between 1942 and 1968. However, as he noted, despite the best intentions of governments in general, but especially by Labour Governments, “the establishment of universal secondary education was to be marked by a number of fundamental contradictions centring on the ultimate aims of secondary education, including equity issues, curriculum, academic standards, and school-labour market relationships”. The latter concern, of

course, impacted upon questions about what were appropriate levels for teachers' salaries. This was a feature of the negotiations about the salary levels attached to each teaching service grade point that had been set up by the former Liberal administrations at the turn of the twentieth century.

Therefore, it is important to examine the key theme of state secondary school expansion and post-primary (including technical high and district high schools) in New Zealand at this point. This is because it ushered in a compulsory secondary school educational experience for most communities in the country for the first time. Communities were starting to get their own secondary schools, but the decision-making in terms of salaries and much more besides rested in the hands of the central Government.

When juxtaposed with the Hegelian (1807) direction of history which Hobsbawm (1968) cited, plus the localities' wishes for freedom which we have seen in preceding chapters when tracing the distant origins of the bulk funding issue, it becomes clear that pressures for change were building up slowly during this era. Communities wanted to exercise control over their teachers' salaries at this time. That is why it is important to examine this time period closely. The fundamental contradictions involving teachers' salaries, in many ways, became part and parcel of the failure to reach agreements over bulk funding in the 1980s and 1990s. This reality may help describe the apparently unbridgeable gulf between the pro and anti bulk-funding positions, as discussed at the beginning of Chapter One.

Secondary schooling during the late nineteenth and early twentieth centuries was not perceived of as having to be universal, not even by the reforming Liberal Governments. Openshaw (2009, pp.19-20) noted that both Hogben and Seddon had seen secondary education as being a privilege rather than as a right, and as one to be bestowed upon "the deserving" few. However, the schemes that they put forward regarding secondary education represented an advance on the pre-1942 model that was discussed in the previous chapter. This was due largely to the fact that the first

Labour Government was keen to encourage free secondary education for all primary school leavers who had passed the Standard Six Proficiency Examination which had actually ended in 1937. However, this provision alone served to stimulate demand which soon outstripped the limited supply envisioned by the legislators, so much so that "...After World War One, the steady growth of enrolments meant that, rather than being the preserve of a sizeable minority, secondary school education by the outbreak of World War Two had become a substantial majority experience" (Openshaw, 2009, p.21).

However, there were often the same sorts of regional, class, and gender-based differentiation in educational experience in evidence among New Zealand secondary schools, as had been the case in late nineteenth century primary-level education. It needs to be remembered that New Zealand schools were overwhelmingly primary ones at that point. Notable New Zealand educators of the 1930s, such as Frank Milner, William Thomas, and William Armour, may have "advocated the adoption of a common core curriculum" but, unfortunately, "tensions remained over the degree of subject-and-gender-based differentiation, and the prescription of a limited set of general education subjects". Openshaw, Lee, and Lee (1993, p.6) have analysed the restrictive nature of the then New Zealand post-primary and/or secondary school curriculum in some detail.

The first Labour Government's plans for secondary education had to wait to be implemented until after the outbreak of World War Two. Many educational commentators saw the 1941-1945 period as the most significant one for New Zealand secondary education history. Beeby himself had hinted to the Thomas Committee "that the school leaving age would be raised, making at least some post-primary schooling compulsory for virtually all pupils" (Openshaw, 2009, p.20). Openshaw (2009, p.21) had reasoned that there was more to the hastening of the process of universal secondary education than mere "legislative urgency and public guilt"; there was also an ulterior, practical motive, namely the "wartime demands for closer links between secondary schools and industry".

There was also a social motivation for educational expansion given the changing balance of power between capital and labour, the evolving conception of gender roles, and continued growth in school retention rates over the war years. Educational and ideological motivations favouring equality of opportunity were thus not often to the fore in official publications. Practical considerations, rather, dictated the course of policy.

Therefore, when the then Minister of Education, H.G.R. Mason, encouraged his parliamentary colleagues in 1943 to entertain the idea of “raising the school leaving age from fourteen to fifteen (and perhaps even to sixteen in the future)”, he stated that “owing to war conditions there [were] an increasing number of young adolescents who (were) missing the discipline of a normal home, and it (was) essential that the school (kept) its grip upon them during these very critical years” (Openshaw, 2009, p.22).

The school leaving age was raised eventually to fifteen in the 1945 Education (Post-Primary) Regulations. The Thomas Report of 1944 had also heralded what Openshaw (2009, p.22) has referred to as “major changes to assessment processes”, for example, the introduction of the new School Certificate Examination. The Thomas Report (1944, p.ii) also provided for specific secondary teacher training courses and for the doubling in size of the Secondary Inspectorate.

Significantly, career secondary school teachers were appointed from 1946 “and the remaining gaps between technical and secondary schools’ curricula and teachers’ salaries [were] closed” (Openshaw, 2009, p.23). The latter stipulation was a pivotal point. The differentiated systems of secondary versus technical schools, provincial versus urban schools, and single sex versus co-educational schools, were also brought more into line and their teaching services became more standardised by regulation. Teacher salaries were one critical element in attempting to harmonise these very disparate working environments. The more chaotic and piecemeal salary

arrangements which could vary widely from secondary school to secondary school could be jettisoned now in favour of a more streamlined, universal, approach.

The grading system, with its different ascending salary points, could be followed now by secondary school authorities. Thus, teachers' salaries became a fulcrum of change within secondary schools in New Zealand. Standardised graded salaries, such as had been implemented in the primary system some forty years earlier in 1906, were to become the norm. Loopholes were to be eradicated, and a professional cadre of trained secondary teachers working for centrally-determined and centrally-administered salary rates were to be pressed into service.

Therefore, the determination and regulation of teachers' salaries was an important part of the post-war educational consensus. This consensus was often talked about in lofty terms. For example, T.H. McCombs, the Minister of Education in the post-war Fraser Labour Government, made the claim, in his 1947 Ministerial Report, that New Zealand was in the vanguard of those countries whose governments were trying to make democracy work through mass education. Compulsory universal secondary education, underpinned by a centrally graded teachers' salary system with centrally-paid professional teachers, was intended to equip students to be 'good citizens', to wit the "worker, neighbour, homemaker, citizen" as the Thomas Report (1944, p.3) termed them.

McCombs (1976, p.2) had, furthermore, added that, "New Zealand and the United States [had] tried to meet the situation by giving all kinds of post-primary education, academic and practical, in the one type of school, except, in the case of New Zealand, of a few of the larger technical schools". This practice stood in obvious contrast with the United Kingdom, with its 'traditional' policy of rigid selection "whereby the brightest children were 'creamed off' through competitive examination at age 11" (McCombs, 1976, p.3) and assigned thereafter to grammar schools.

Ramirez and Rubinson (1979, p. 78) viewed the role of the head of the educational bureaucracy as being critical for the development of successful national education systems. In the case of New Zealand, one of the main believers in national education, the Director of Education, C.E. Beeby, built much of the interwar and post-war educational consensus. Beeby was an influential Director of Education who served between 1940 and 1960, and who was seen by many educational historians as being “in the ‘participant-scholar’ tradition of educational administration” (Openshaw, 2009, p.24). Beeby was keen to achieve definite results such as raising the school leaving age so that many more students could benefit from a post-primary (including secondary) school education, a pattern that had been the exception rather than the rule hitherto.

Part and parcel of the ‘liberal-progressive’ educational policy, as championed by Beeby, was a commitment to equity and equality of outcome. This also involved graded, codified, teacher salary structures and compulsory qualifications’ levels. Standardised scales of teachers’ salaries were instrumental in giving ballast to the thrust to achieve universal post-primary education in New Zealand around the middle of the twentieth century. It is interesting to note that the teacher salary structures which have been closely examined already and which operated at the start of the twentieth century had applied largely to the primary school sector. This means that there was a transferral of the national system of hiring and paying for suitably qualified teachers along an hierarchical scale, from the primary school system to the post-primary school system. The valuable lessons that had been learned in order to implement the teacher salary system in the primary schools could now be applied intelligently to the case of the post-primary schools.

By the mid-1960s, Beeby (1966, p.10) was prepared to advance the argument even further, asserting that New Zealand was unique in the world for having attained an educational status where “there was no selection at all for secondary education, and (where) within the state system, every child, whatever his ability, (was) free to go to the post-primary school of his parents’ choice, subject only to zoning restrictions in

certain areas". This vision of universal secondary school education which Beeby laid out in front of the New Zealand public was, in fact, grounded in a unified national professional body of teachers for whom questions of salaries were highly relevant.

The industrial and arbitration system of labour relations, which underlay New Zealand's post-war boom as well as its status of being socially and economically advanced, had also been extended to the teaching services. The NZEI functioned as a de facto trade union negotiating salary rises and extra benefits for its members, even though they preferred to see themselves solely in terms of their being a professional association. The PPTA had no such qualms, its rapid post-war rise in membership and build-up of industrial 'muscle' having been predicated upon its status as a bona fide union.

It is noteworthy that neither the post-war Labour and National Governments nor the teacher unions questioned the centrally-graded, point-by-point steps in the teachers' salaries system at this juncture. Fairness and equity were to be guarded jealously under what Codd (2004, p.31) had characterised as the overarching "ideology of egalitarianism". The trade-off between having a rigid, national salary system and the power that the burgeoning numbers of professional teachers were beginning to exercise in their own teacher unions was clear. There might not have been much movement concerning salary rises or flexibility in terms of what wages could be offered, but Codd (2005, p.9) noted that teachers were willing to trade these possible advantages for a seat at the negotiating table and a chance to determine their own salary rises.

The price of the labour market rigidity in the teaching services was felt to be offset by a sense of identifiable class solidarity which was felt by many New Zealand teachers. This process had started early in the twentieth century among the nation's primary school teachers. The rapid expansion of the post-primary school system under the post-war education 'settlement' had established a powerful bloc of teaching professionals at secondary and other types of post-primary schools, who

came to view themselves increasingly as the standard-bearers of progressive opinion and who were prepared to co-operate with each other in order to achieve collective goals at a national level as a cohort of professional teachers. It may be argued that there was a loss of an emphasis on the 'union' role, therefore.

However, the truth was that not all members of the teaching profession at either the primary or post-primary levels were advantaged by the monolithic and powerful teachers' salaries structure which had underpinned the rapid social, economic, and educational growth of post-war New Zealand. The dynamic vision that had been articulated by McCombs in 1947 and reiterated by Beeby in the 1950s did not apply to all sectors of the population equally. It tended to favour males and members of the Pakeha ethnic majority.

Women, ethnically Maori teachers, and teachers of Maori and later Pacific Island teachers were somehow left out of the 'settlement'. The 'settlement' itself was skewed towards cultural norms of the time, and it did not represent the diversity of the population. Maori and women teachers, in short, did not command the same power over their salaries as did Pakeha men under the post-war educational consensus. Ruth Fry's work, (1985, p.5) *It's Different for Daughters*, showed that girls were corralled into the domestic sciences, sometimes because of core curriculum requirements, or practical commercial subjects such as typing in most post-war secondary schools. Ranginui Walker's (1991, p.3) *Liberating Maori from Educational Subjection* painted a damning picture of government neglect of Maori, particularly under the Holland and Holyoake National Governments of the 1950s.

Therefore, it can be seen that there was indeed a heavy price to pay for the post-war educational consensus, one that did not occur at the time probably to either the politician, McCombs, or to the administrator, Beeby. The price for a unified universal education system with a strong national teachers' salaries structure was sometimes to be made manifest in a lack of diversity and in the marginalisation of entire groups who were different from the post-war norm.

Thus it is evident that there is an historical process at work. For example, there were distinct advantages and disadvantages to the post-war educational consensus, as exemplified in graded teachers' salaries. Teachers' salaries themselves could be arbitrated in the event of an industrial dispute about the scale and scope of any proposed salary adjustment. The system's strength was that there was solidarity among teachers in a time of increasing social and economic prosperity, where New Zealand reached the ranks of the top three countries in the United Nations in terms of Gross Domestic Product by the mid-1950s. Against this background, New Zealand teachers were recompensed more than adequately often in terms of their salaries at the time, according to Beeby (1966, p.45). They were also invested with the power of Bourdieu's (1974, p.33) "cultural capital"; they were the inheritors and interpreters of the high culture and the knowledge of their age. It has to be remembered, though, that high culture was not prevalent in all New Zealand schools, especially in the 1950s.

However, the drawback was that this uniformity suppressed diversity unwittingly, in particular the collective interests of women and Maori teachers. This situation may have been acceptable given the more uniform demographic patterns in 1950s New Zealand, but it led eventually to a build-up of pressure, particularly in large urban areas and for Maori students. By the 1970s, a head of steam had been developing and was now threatening to burst loose. The other unfortunate effect with regards to teachers' salaries was that because of norm-referenced values in an unequal age, women teachers, like women workers in other sectors of the post-war economy, were paid less for the same work frequently while on the one hand, they also had fewer chances of promotion.

Maori teachers and teachers of Maori children, on the other hand, were often governed by separate legislation and by bureaucratic agencies. Their work tended to be valued less than was that of educators in the mainstream syllabus who were preparing students for the 'new' post-war national examinations such as the revised School Certificate. This is not to say that in the post-war New Zealand economy,

with its simultaneous booms in agriculture and manufacturing, a majority of post-primary school students felt they were required to sit and pass 'academic' examinations such as School Certificate and University Entrance. Most, in fact, left school to take up employment at age 15 in the 1950s (Openshaw, 2009, p.25). However, as the 1960s drew to a close, the situation had changed and most students were indeed expected to sit and pass these milestone examinations in one of the first examples of qualifications inflation and 'credentialling'.

Openshaw (2009, p.22) has pointed out the tendency of post-1980s educational historians to locate inadequacies of approach in the Thomas Report's (1944) "less progressive aspects... the naïveté of its basic conceptions, its contradictory attitude toward the education of girls, and its essentially conservative attitude to curriculum reform". However, it must be recognised that the Thomas Report (1944) was a product of its time. Despite the importance of the notion of a "broad, general, liberal education" which true believers such as McCombs and Beeby wanted to offer to students, irrespective of gender, it turned out that New Zealand girls received a different deal.

The Thomas Committee (1944, p.74) had stipulated that "girls were to receive compulsory training in domestic science in preparation for their future roles as homemakers". The mandatory domestic science courses which were transformed later into the Home Economics syllabus led to the parallel rise of the overwhelmingly female group of Home Economics teachers. Many of these women only had Technical Trade Certificate qualifications in the 1950s and were, thus, ineligible to be placed at higher grades on the teacher salary scale. This issue will be explored further in the next chapter.

The post-war educational consensus did not serve the needs and aspirations of Maori very well either. The inadequacies of the paternalistic approach helped to build up powerful pressures for change. For example, a Bay of Plenty Maori rangatira, Maharaia Winiata, had expressed the hope in 1948 "that much Maori

education would be marae-based”, as Walker’s (1992, p.504) research found. Openshaw (2009, p.23) also deduced that Winiata was, at this juncture, “anticipating both the Te Kohanga Reo movement during the 1980s and the Picot Report”.

Therefore the children left behind in the grand post-war consensus, including girls and, above all, Maori - whose case will also be looked at in greater detail in the next chapter - planted seeds of change. This had direct implications for teachers’ salaries. Maori had not gained nearly as much as had the majority of (non-Maori) New Zealanders from the post-war consensus over teachers’ salaries. In fact they had been disadvantaged, so they were naturally in favour of gaining control over teaching resources such as salaries. Even as early as the 1950s, Maharaia Winiata was not averse to the prospect of Maori iwi employing teachers directly and paying their salaries themselves. The stage was set therefore for a movement from a post-war consensus to full-blown change. The seeds had been planted already.

The relevance of the above account to bulk funding here is that Maori iwi were, in many cases, offside with the centralisation and standardisation processes outlined in the Ramirez and Boli-Bennett (1982) thesis. At this point in New Zealand’s recorded educational history, Maori were obliged largely to accept the paternalistic hand of government centralisation. However, pressure for change was building up and when bulk funding was eventually to emerge in the 1980s and 1990s many Maori iwi, particularly those involved in the emergent Kohanga Reo language nest movement, were eager to avail themselves of the opportunities afforded by bulk funding.

Maori had been ignored frequently in earlier educational histories. Webb (1937), for instance, stirringly expressed the theme of a benevolent centralised education system from the point of view of forty years worth of central government control over teachers’ salaries at that point. There had also been an historiographical tradition of extolling the virtues of having strong government guidance of all aspects of education in New Zealand. What has been uncovered during the course of this research, though, suggests that the metaphorical pendulum began to move into a

counter-swing much earlier than was thought previously. C.E. Beeby (1966, pp.52-53), the influential and far-sighted Director of Education, had summarised the post-war educational consensus in heroic detail, but in many respects the fact that women and Maori teachers missed out on the spoils of the post-war educational consensus, particularly with regard to salaries, had begun to pose implicit challenges to the status quo as early as the 1940s. These trends will be teased out in greater detail.

One factor that is evident is that New Zealand scholars of education history have argued often that participants need to be consulted. Maori, for instance, resented having policies imposed upon them from the centre (Walker, 1991, p.59). Maori resented only having vocational but not academic schools provided for their children particularly. Therefore, protests flared up very shortly after the establishment of the first District Maori High School in Ngati Porou territory on the East Coast of the North Island in 1941 (Walker, 1991, p.60).

The expansion of the post-primary schooling system and its tethering to nationally-graded teacher salaries had not benefited women teachers either after the conclusion of World War Two. In general, women were being held back on the salary front. Despite some union pressure from both the NZEI and PPTA for securing equal pay for equal work, which had emerged in the 'progressive' teacher union environment from the late 1940s, women had tended to be held back at certain points of the salary scale. However, it was argued, at the time, that their salaries were higher than those of their sister workers in other industries (Beeby, 1966, p.40). The rise of the comparatively lowly-qualified Home Economics female teaching bloc also complicated matters vis-à-vis women teachers' salaries, because it tended to depress the average female teacher's salary.

In Mathematics as a subject, however, differentiation between full and core courses in the Thomas Report (1944) among other reasons, often resulted in girls being channelled into the easier of the two options, while Science and technical subjects

were assumed to apply only to boys. Most schools were similar to Marlborough College between 1946 and 1958, “where pupils were divided into three different courses: professional and general (boys and girls), the trades and agriculture (boys only); commercial and home-life (girls only)” (Openshaw, 2009, p.25). Therefore, it can be seen that both differentiation and selection occurred internally within schools.

As has been seen already, this differentiation had profound implications for teachers’ salaries because women teachers had tended to become ‘ghettoised’ jointly along with their female students. The home-making domestic arts teachers’ salaries often languished in comparison with their colleagues who were teaching ‘hard’ academic options. It was a similar story for commercial and preparatory office book-keeping classes in the commercial streams, again taught mostly by female teachers who often possessed Trade Certificates and who, therefore, were working on the lower rungs of the teacher salary ladder for predictably lower salary rates (Openshaw, 2009, p.26).

It can be argued that the drawbacks for Maori were even more acute. Secondary schooling in predominantly Maori communities was notable, chiefly for its absence. The first Maori District High School opened as late as 1941 on the East Coast. Unfortunately, the corollary of this ‘benign’ neglect had also been “racial stereotyping” which Barrington (1988, p.95) has analysed in terms of its production of “a narrow concept of the Maori future within the contemporary (1940s and 1950s) Education Department”.

A senior official from the Department of Education, T.A. Fletcher, as quoted in Walker (1992, p.503), had written of his belief that “the Maori was not sufficiently removed from his past to be suited for commerce”. Fletcher, rather, “envisaged that the core of the curriculum for the new Maori [district high school] secondary departments was to be home-making in the widest sense for boys, building, construction, furniture-making, and metalwork, and for girls home management”. Fletcher’s paternalistic views were hardly unique in the context of the bureaucracy of

the 1940s, it must be stressed. Maori were presented with a *fait accompli* in terms of the blueprints for their children's post-primary schooling.

Maori parents and communities naturally wanted academic content to leaven this rather meagre diet of paternalistic vocationalism. Openshaw (2009, p.23) noted that a Ngati Porou rangatira, Reweti T. Kohere, wrote in a critical vein to the then Minister of Education, Rex Mason, questioning the severely practical curriculum on offer. Openshaw stated: "Kohere was particularly concerned that the new schools did not offer matriculation as did regular high schools, thus Maori students would receive an education different from, and inferior to, their European counterparts" (Openshaw, 2009, p.24). In his reply the Minister of Education, Mason, employed the language of racial preservation common to the Edwardian era when the Maori were held to be a dying race. He felt that the new schools could be defended on the grounds that they would assist in the preservation for the Maori of "his own language, culture, ideas and traditions distinct from Pakehas" (Openshaw, 2009, p.25).

Change was rather slow in coming, not surprisingly perhaps. Some twenty five years later, School Certificate courses in Te Reo Maori eventually had to be offered owing to the pressure exerted by Maori communities and Maori teachers in the late 1960s and early 1970s. Again, there were strong implications for teachers' salaries. Teachers of Te Reo Maori, and especially of Taha Maori and Maoritanga in general, often entered the teaching system at lower points on the salary scale because they did not have, initially, at least the formal academic qualifications that the centralised system's administrators demanded. The lack of value placed upon Maori as a subject within the curriculum, and upon Maori schooling as a whole, also conspired to retard funding for Maori schools and salaries for Maori teachers. This situation affected affecting opportunities for career promotion and higher salaries simultaneously for Maori teachers within the system.

Mason's paternalistic reply to Reweti T. Kohere did not serve to dampen enthusiasm among Maori teachers and in Maori communities to lobby for a more academic schooling system to be made available to Maori children. In fact, the rebuffs which were offered by officialdom helped to create pressures for change. Subsequent Ministers of Education, especially Labour Party Ministers, were wont to stress 'equality of opportunity' for young Maori students whilst schooling in general was held to be the means by which young Maori would attain equality with their Pakeha counterparts.

The comforting nature of this vision notwithstanding, Maori community leaders such as Maharaia Winiata in the 1950s were scathing in their assessment of the concept of equality as borne out by Winiata's (Walker, 1992, p.505) comments attacking the "abstract concept of equality for Maori," which he deemed to be a hoax. Winiata believed that paying lip service to equality was an action that had been press-ganged into service by the Labour Party as part of what he called its "propaganda ballyhoo". According to Winiata, at the same time National Governments had also genuflected piously before the altar of equality but for different purposes, namely to disestablish separate Maori schools (from 1969) and to assimilate Maori students within Pakeha majority schools in order to become 'equalised' New Zealanders.

Winiata felt clearly that the National Party was pandering to the Pakeha majority's prejudices. Assimilation was seen as a great enemy, and it was deemed to be preferable for Maori people to run their own schools and to pay their own teachers' salaries. Even at this early stage a different future from the centralised state consensus was being envisaged, and this was to have profound implications for future teacher salary structures. It is no accident that Maori educators and communities were to endorse prototypical forms of bulk funding at a later date. This is the reason why it was important to include this material on mid-twentieth century Maori education. This material explains why there was a predisposition for bulk funding to be considered seriously as an option by Maori in the 1980s and 1990s.

Change with regards to the clearly centralised system of teachers' salaries did not emerge out of a vacuum. There were many precedents in New Zealand educational history where the centralised salary scales were questioned by educational participants. Teachers' salaries were also affected by recommendations contained in what Openshaw (2009, p.30) termed "three key reports, the Parry Report (1959), *School and Nation* (1961), and the Currie Report (1962)." The former two publications contained seeds of change.

The Parry Report (1959) had important implications for New Zealand teachers' salaries because even though, as Openshaw (2009, p.31) summarised it, "it focussed on universities rather than secondary schools, its assumptions and conclusions were to be crucial in signalling a further and ultimately decisive drift toward economic and social efficiency". Although David Hughes-Parry et al. had placed their main emphasis upon tertiary education, particularly with regards to "the demand and supply of university graduates, with a strong focus on the efficient production of scientists and technologists with the least possible wastage" (Openshaw, 2009, p.31), there were many implications for the primary and secondary schooling systems as well.

If there were to be solid economic growth, which was the key concern for Parry Committee members such as Dr. W. Sutch, the then permanent Secretary for Industries and Commerce, as well as for Professor Frank Holmes of the Economics Department at Victoria University of Wellington, then they felt it followed that there would have to be "rapid industrialisation underpinned by a skilled work force" (Openshaw, 2009, p.32). The greater skill and efficiency in the workplace that they desired would then need to be fostered at both the primary and post-primary school levels.

It is evident through these events that there were challenges to the view that salaries and promotions in schools should remain part of a centralised structure. The

challenges did indeed exist and they were only to grow stronger, thus preparing the way for the emergence of the bulk-funding debate later.

The Parry Report (1959) had, for instance, called for the hiring of highly trained teachers. At this time there were calls also for teachers to be well compensated as they would have been had they worked in business. This would be a clear case of 'market rates', even though the term was not yet in currency. Teachers would need to become skilled technicians themselves, in that case. They would also need to be skilled particularly in transmitting these optimal work skills to their students. These developments took place against a background of the Nash Government's fiscal crisis of 1957 and 1958, when the Minister of Finance, Arnold Nordmeyer, was having to consider making deep cuts in spending for what came to be known pejoratively as the 'Black Budget' of 1958.

The chief irony here was that the educators of the day may have misunderstood the message. The PPTA (1958), in particular, through their Journal editorials, took the message to be a ringing endorsement of the need for greatly increased public investment in education and as almost a form of 'blank cheque' spending by schools and universities. Institutions might choose to spend such funds on teachers' salaries, for example, it was argued.

The implication for teachers' salaries from the PPTA's point of view was that teachers, who were meant to be in the vanguard of realising the Sutch-Holmes vision of industrial growth through education in New Zealand, would be paid higher salaries for their skills if they were effective in facilitating this technocratic goal of expanded industrialisation being carried out by a highly trained workforce. The PPTA Executive foresaw enhanced teachers' salaries resulting from a situation of greater national wealth based on the output of skilled workers who had been trained in the first place by skilled teachers. They thought that this situation might liberate government funds from a reliance upon primary production from the agricultural sector. The PPTA, in a nutshell, anticipated further educational spending.

However, the Holyoake Government was not at all sanguine about the possibility of increased expenditure for education because there had been public disquiet already regarding the high increases in educational expenditure that had occurred between 1950 and 1960. Educational expenditure had grown substantially, almost tripling during the 1950s, while other areas of Government expenditure had grown only marginally over the same period (Openshaw, 2009, p.31). This extra expenditure was also occurring against a backdrop of sectors of the public expressing grave reservations about the poor quality of teaching and education in general in New Zealand.

Many citizens, at the time felt that New Zealand's youth had not been given the skills, 'technocratic' or otherwise, to contribute successfully to economic growth. A typically emotive editorial in Wellington's *Evening Post* newspaper in April 1958 claimed, for example, that the New Zealand school system was one in which children learned "the least possible in the longest possible time".

In addition to this concern, contemporaneous 'moral panics' about juvenile delinquency, as exemplified in the September 1960 "widely published disruption of the annual Hastings Blossom Festival by rampaging youths" (Openshaw, 2009, p.32), caused many 'solid citizens' to question the value of the education system at the time. There was an irony here, namely that juvenile delinquency had been cited as one reason behind the raising of the school leaving age during the Second World War. The net result of all these years of worrying about the moral standards of youth had been the creation of a political climate which was not conducive to further teacher salary increases. The priority for the Government, therefore, was to extract more skilled teaching of core economic skills from the existing pool of teachers and to attract teachers of high quality into the New Zealand system simultaneously, if necessary from overseas. New teachers emigrated from the United Kingdom frequently in those years.

These skilled teachers, especially at the secondary school level, would enter into presumably higher points on the existing salary scale, and by dint of their advanced qualifications which would place them at higher salary points along the scale already rather than through any wholesale rise in the salary scale ratios themselves. Both the Nash Government who endorsed it and the Parry Committee who produced the Parry Report (1959) were, therefore, hoping for far greater economic efficiencies to emanate from the teaching profession itself. Salaries would not be increased markedly therefore. They would, rather, serve as key indicators of this much-vaunted economic efficiency.

There were further implications for teachers' salaries in the *School and Nation* pamphlet released under the aegis of the New Zealand Council for Educational Research (NZCER) in July 1961. The pamphlet had been authored by a distinguished educationalist, Phoebe Meikle. Meikle (1961) had been critical of conformist, elitist, secondary education in New Zealand, deducing that the 'one size fits all' regulation model for the national secondary school system "failed the majority of its pupils, failing to challenge the able students, and alienating the less able" (Meikle, 1961, p.5). She concluded that such an orientation led to behavioural problems among pupils at the time.

Meikle (1961, pp.6-7) was concerned that the norm-referenced examination system, culminating in School Certificate "as the symbol of intellectual normality" at the end of the fifth form year, had led to "a decline in academic standards, particularly in English, as well as considerable waste of human resources ..." She would prefer, therefore, to have had extra steps on the salary ladder to encourage teachers to work creatively and more successfully with gifted and talented students, as well as to encourage them to, in turn, motivate the vast ranks of less able students. The then current, rigidly-centralised, teacher salary system did not cater well for learner diversity, and Meikle was anxious to improve that state of affairs.

However, advocates of centralised systems can value self-preservation as the cardinal aim and can, therefore, be brittle rather than flexible in the face of change. Openshaw (2009, p.33) had concluded that, despite Meikle's perceptive expose of the "basic contradiction in post war secondary education", nothing was going to be allowed to change at that stage. This was owing largely to the fact that "... The educational bureaucracy, however, promptly closed ranks ... (while) ... Meikle, profoundly discouraged, left teaching for a career in publishing". Meikle's change of career had represented a significant loss of talent at the time.

The graded central salary scales were, therefore, not going to be malleable enough to encourage innovative teaching of either gifted or of remedial students. It was unlikely that there were going to be adequate salary rewards for innovative teachers at that stage. This inertia notwithstanding, it is instructive to note that there was a head of pressure building up in the early 1960s among some members of the teaching profession and among many in the wider public at large. The centralised educational bureaucrats in Wellington were reluctant to support any reform. However, placing a metaphorical bell jar over the problem served only to ratchet up the pressure within the New Zealand teaching profession at the time.

The Currie Commission, which was inaugurated in February 1960 and whose members produced the Currie Report in July 1962, was of a very different order, though. It was, in point of fact, a document whose general tenor reinforced the status quo. Despite its perceptive analysis, the Currie Commissioners' document did not challenge the prevailing orthodoxy. Scott's (1996, p.48) PhD dissertation from the University of Auckland suggested that there had been some degree of 'capture' of the Currie Commissioners by the then New Zealand Department of Education. Naturally, this had meant that there would have been little likelihood of any recommendations that the centralised salary scales be altered in any way, shape, or form. Although there had been a diverse range of 400 public submissions, Openshaw (2009, p.34) noted that the Commission had relied upon the Department of Education for "much of its information, travel arrangements, itinerary and

secretarial assistance". Therefore, there would have been little incentive for the Currie Commissioners to challenge the Department of Education vigorously. On the contrary, there was a great deal of agreement from the Currie Commissioners with the Department of Education's positions.

Furthermore, the Department of Education had presented their submissions to the Currie Commission in a very professional form which served to both amplify and optimise the submissions' impact. The basic tenor of the Department's view was to "express unreserved support for the comprehensive [schooling] ideal" (Openshaw, 2009, p.34). The generalised community comprehensive school - to wit, a "multi-course school" - had, in the Department's strongly assertive view, "achieved considerable success with a wide range of pupils, even in comparison with supposedly more academic schools" (Openshaw, 2009, p.35). They argued furthermore that any abandonment of this ideal of the comprehensive school would bring with it "inevitable problems of selection of pupils". The Department of Education in the early 1960s was, therefore, keen to insist upon the superiority of the established 'multi-course school' model within the New Zealand educational context rather than having a highly differentiated model of schooling.

Other submissions to the Currie Report were less committed to the desirability of preserving the status quo, however. The Associated Chamber of Commerce's submission (1961, Appendix 2) preferred to advocate for "a more restricted form of post-primary education that would have seen the reintroduction of a selective examination at the end of the second post-primary year in order to channel students into 'appropriate' vocations". The combined Engineering and Metal Trades submission (1961, Appendix 3), for its part, was scathing in terms of its appraisal of the ideal of the comprehensive school. These submitters asserted that the emphasis on a 'liberal arts'-based general education, "had failed miserably, tending to produce misfits ill-equipped to earn a living, rather than useful citizens".

Vocational education, in the submission's view, should have been valued above cultural education which was unsuitable for the majority of students. Such submissions tended to treat with a world view that it was a naïve ideological preoccupation to attempt to force all students into the same generalised education mould. Following this point of view, there was a logical progression towards believing that it was an inescapable fact that some students - a minority of them - were equipped to follow an academic path while the majority were not.

The submissions also recommended processes which would sort and separate out this minority of academic students from the majority of their non-academic peers. It was then felt that academic students would be able to focus more upon academic achievement, together with their like-minded academic student peers. The corollary to this view – which was the more important consideration for manufacturers - was that the majority of New Zealand students of this era, who would have been non-academic by nature, according to this world view, needed to be placed together but sorted into appropriate vocational channels. Such views were juxtaposed historically with the Sutch-Holmes 'economic imperative' arguments, and they awkwardly complemented the left-wing leaning Sutch's views on the potential of industrial employment to enrich the working classes. The Sutch-Holmes view posited that if the nation of New Zealand was to grow successfully in economic terms, then there would have to be many skilled tradesmen and a wide variety of practical occupations. The purpose of post-primary education would then be to train students efficiently for their future vocations. However, with regard to the Currie Report (1962), such alternative views were marginalised cleverly and were dominated ultimately by the Department of Education's skilful reiteration of the catechism of the status quo.

Therefore, the Currie Commissioners (1962), in the final analysis, ignored the continuing concerns about secondary education emanating from the business sector. Rather, they upheld the ideal of the comprehensive community school strongly. Thus, the implications for teachers' salaries were clear: the graded national

salary scale for teachers was to remain intact. The system would continue to work along the lines of rewarding teachers for their level of qualifications but, above all, for their length of service and for their acquired seniority. The latter would continue to be the two most important determinants of the actual levels of the salaries that New Zealand teachers received (Openshaw, 2009, p.36).

Any attempts to introduce commercial market rates for 'useful' vocational teachers, which had appealed so strongly to the commercial and industrial interests who had tendered submissions to the Currie Commission, could then be neglected safely if not ignored completely. It is interesting to note that there was some early belief among the manufacturers that there should be some nascent system of 'performance pay'. The manufacturers suggested tentatively that it ought to be possible to quantify an 'effective' teacher's work and to reward them accordingly. It was suggested that there were objective measures that could be put in place.

However, in the early 1960s the Department of Education officials who advised the National Government closely had no such belief system themselves. They felt that the post-war consensus system, which Beeby (1966, p.47) had both identified and articulated, was the best means by which to shape education as a whole. Teachers should ascend the ladder of seniority through clearly defined salary rungs in a manner analogous to that of public servants.

Aside from the robust opposition of the Department of Education to the opinions expressed in the manufacturers' submission to the Currie Commission, it was not easy necessarily to put the cork into the manufacturing sector's metaphorical bottle. Sealing the bottle tightly could not be guaranteed to stop the genie of salary change from escaping its confines permanently. The historical trend is that yet another chamber of pressure had built up within the New Zealand education system. Elements among New Zealand parents, theorists, and even among teachers themselves were developing different views already about salary structures in the early 1960s. These did not include wholehearted devotion to the graded national

salary scales. The manufacturers and commercial interests were, evidently and more uniformly, in the same metaphorical boat.

The implication was that if these viewpoints could ever coalesce at some point, and if the different participants could be united at some future date, then the pressure for change might indeed become irresistible. Already by the early 1960s, pressure for changing the centralised teacher salary scales was beginning to register. This pressure could reasonably be expected to presage the full-scale changes of the 1980s and 1990s.

This chapter has suggested that the Currie Report (1962) was especially significant in that the commissioners dampened expectations and bottled change simultaneously. Nevertheless, by the 1970s the pressures for change were strengthening. They had become more apparent and, by the same token, harder to resist. Some of the energy which had been derived from individual provinces' and school authorities' control over salaries in the late nineteenth century, as examined in Chapter Three, was just waiting to be unleashed. The Currie Report (1962) was a stopgap in that its release could not hold up change indefinitely. If we look forward to the changed socioeconomic and political climate of the 1980s and 1990s, then it would take only a small spark to set the bulk funding debate alight.

CHAPTER FIVE

SEEDS OF CHANGE: A DECADE FORESHADOWING A NEW DIRECTION, 1976 – 1987

In Chapter Three we have seen that the freedom to pay teachers' salaries was a freedom that was still being exercised by both provinces and provincial schools well into the 1890s and beyond. In this chapter, the crucial years where the seeds of change established deep roots and started to flower will be explored.

In the previous chapter, it could be seen that Maori as the indigenous people of New Zealand, guided by their own 'wairua', had been starting to reject aspects of the centralised educational model, especially the teachers' salary structure. As will be seen, official reports from Commissions of Inquiry also presaged some degree of change.

The McCombs Report: *Towards Partnership: The Report of the Committee on Secondary Education* (1976), for example, was the outcome of a committee chaired by Sir Terence McCombs. The McCombs' Report was published in 1976 within a more politically favourable climate for bulk grants to be made to secondary schools, including salaries, rather than relying exclusively on centrally determined rates. The McCombs Committee recommended that "...The Department of Education give a block grant to secondary schools, which they are free to allocate in varying proportions between equipment, ancillary staff and other resources within the guidelines" (p.82). This represented a change from the early 1960s when all the equipment and ancillary staff payments would have been both determined and paid out at the national level.

The McCombs' Committee (1976, p.83) argued that there would indeed be a few associated risks with the "devolution of responsibility", namely "a risk that schools may make unwise or wrong decisions, which will ultimately prove costly to the

taxpayer and the school” as well as the possibility that “... Consultation with the community could expose the school to pressure and it may be criticised by most of the community for making a particular choice suggested by one interest group.” These were themes that were to be sounded again, especially in the late 1980s when the then Minister of Education, Prime Minister David Lange, speculated in public about the possibility of boards of trustees being ‘captured’ by forces such as the ‘radical religious right’ and that boards might make ‘silly’ decisions such as transferring all of the teacher staffing financial resources towards buying “extra computers”, as mentioned in an editorial in the *Christchurch Press* (12 May 1988).

By the 1970s, the risks of devolution which had not been entertained seriously for the best part of the twentieth century appeared to be risks that the government and the Department of Education were more willing to take. Thus, there had been some degree of sea change from the risk-averse climate of the early 1960s. Limited devolution, then, was to be part of the solution undertaken to combat the problems bedevilling New Zealand secondary education as had been identified in the Currie Report (1962) and even earlier.

It is significant to note that freedom of choice over some aspects of staffing, chiefly ancillary staffing, was a key feature of the recommendations and one that, naturally, had not been able to be recommended at the time of the Currie Report (1962). The freedom of choice proposed by the McCombs Report (1976) was envisaged as being of a circumscribed nature. It was thought by the McCombs Committee for it to be easier for the then National Government to allow schools discretion over the salaries of secretarial, other office and janitorial staff, rather than to grasp the political ‘hot potato’ of teachers’ salaries. However, in the context of the highly centralised salary system that has just been explored in immediately preceding chapters, it does represent a degree of actual change. Even more significantly, it would seem to presage further teachers’ salaries changes across the board because once one formerly exclusively centralised salary wall had been breached others could surely follow in its wake.

This recommendation notwithstanding, it would still seem premature to view the McCombs Report (1976) as a harbinger of wholesale teachers' salary changes, as Gordon (1992, p.13) has done. Grace (1990, p.186) coined the term "the post-war educational settlement", and many New Zealand educational historians have attempted since to pinpoint when it started breaking down in earnest. Codd, Harker, and Nash (1990, p.88) had drawn attention to the long-running fiscal crisis which had peaked in the mid-1980s. There were very real economic problems facing New Zealand by mid-1984, and the severe drain on foreign exchange reserves following the election of July 1984 was used sometimes to justify both the necessity and the wisdom of reform.

Gordon (1991, p.37) argued that by the time of the re-election of the fourth Labour Government in August 1987, the time was ripe for introducing proposals such as the bulk funding of teachers' salaries. She concluded that not only could bulk funding make pecuniary savings for the government but that it was also in accord with prevailing government ideology, the New Right political agenda that Codd (2003) has drawn attention to later.

Codd, Harker, and Nash (1990) and Gordon (1992) - in their book and article respectively - focused the spotlight on the McCombs Report's (1976) language decrying New Zealand's state of indebtedness. The researchers interpreted the McCombs Report's (1976) teachers' salaries reform proposals, such as they were, as constituting some degree of countermeasure for extricating New Zealand from its state of indebtedness. Nevertheless, it would appear extreme if not anachronistic to view the McCombs Report (1976) through the lens of bulk funding primarily. In addition, it would also be overstating the case to interpret the McCombs Report (1976) as having been a precursor to the introduction of bulk funding.

In fact, the idea of full-blown bulk funding of teachers' salaries was merely embryonic during the mid-1970s. What the McCombs' Report (1976) recommendations in favour of the bulk grant showed was an historical process of

proposing conservative adjustments rather than radical reforms. The bulk grant proposed in 1976 would have pertained to ancillary staff only. Teaching staff themselves would have been exempt. They would have continued to have been covered by the national award. The flexibility of the school authorities in terms of their decision-making abilities about teachers' salaries would still have remained politically circumscribed.

There was still a strong centralised guiding role for the state, together with concomitantly strong centralised structures, provided for in the McCombs Report (1976). The aim was to free up some of the office staffing and general office functions, and to give schools more leeway in terms of itinerant teachers' contracts, for example in music and drama, and with reference to janitorial and general cleaning contracts. Hence, as yet there was to be no large scale challenge of the core component of the centrally determined teachers' salaries themselves.

Other cardinal recommendations from the McCombs Report (1976, p.79) aimed at shoring up the links between boards and schools "to ensure the closest possible cooperation". In the case of multiple boards, one board was still to be responsible for one secondary school but this did not preclude several boards sharing a common secretariat for administrative purposes where this is possible. It was apparent that the stage was being set for elected parents' representatives and for other community leaders to be elected as more powerful school trustees with an impact at the local, regional, and national political levels. For instance, Graye Shattky, the future Chairperson of the New Zealand School Trustees' Association (NZSTA), would rise from being a concerned father of a child attending Kaipara College in North West Auckland to full national prominence as a valuable ally of the then Minister of Education, Dr. Lockwood Smith, in the early 1990s. This development was far away, however, and the type of change recommended by the McCombs Committee in 1976 was evolutionary rather than revolutionary.

The other grants such as the free textbooks grant that the McCombs Report (1976, p.86) addressed were also part and parcel of existing school regulations. More significantly, especially in terms of teachers' salaries, it was recommended that "the general purposes grant be tied to a cost index and be reviewed to give schools greater freedom in the way they spend it". This proposal could have had repercussions for teachers' salaries in the sense that school authorities could have re-allocated monies reserved for some capital spending purposes and re-directed them towards some special teaching projects instead.

For example, in 1976 the Department of Education had introduced the Double Science internally assessed School Certificate modules. These Double Science modules were paid for using the types of general purpose grants mentioned in the McCombs' Report. The Double Science modules were internally assessed units split into Physical and Biological Science components and they replaced School Certificate General Science in the schools which opted into the scheme such as Newlands College in Wellington (Department of Education, 1976, p.xiv).

Science teachers were able to receive extra payments for having developed Double Science modules in their schools but, considering the contractual climate of the 1970s, these would have been under the aegis of existing contractual arrangements and they would also have been comparatively rare. The above recommendation was addressing questions mostly of plant and stock at Government schools. It was, therefore, no accident that the operational area was to comprise the first bulk-funded grant of the post-Picot Report era after 1988. The Operations Grant was not half as controversial as its salaries' grant counterpart, and was able to be introduced easily by the then Minister of Education, Phil Goff, in late 1989.

The McCombs Report (1976), in summary, serves as rather a weak agent of change, although it can be cited as part of the process of change. Thus, care has to be taken in the sense that we ought not to over-emphasise the role of the McCombs

Report. The McCombs Report (1976) provided more a snapshot of the era than a real force for change in and of itself.

However, there were closely contemporaneous reports that did advocate for a stronger degree of change. As Margaret Austin (Austin interview, 2011, p. i) had revealed during her interview, there had been reports prepared for the PPTA's National Executive and Annual Conference by diligent sub-committees, of which she was a member. These sub-committee reports had issued a challenge to the existing centralised salary system composed of the national salary scale with its fixed, centrally-graded, salary points.

Margaret Austin and her colleagues had recommended to the National Executive that schools be given more autonomy to pay 'teachers of excellence' correspondingly 'excellent' salaries. They also felt that school authorities should have more autonomy to make all salary decisions by themselves instead of being tied to 'the dead hand' of the centralised State bureaucracy. This was a prototypical proposal for a performance cum merit pay system for teachers, such as has assumed political importance again in recent years. Gordon Campbell's (2012) online article, for example, recorded that the Minister of Education, Hekia Parata, had said on 8 June that, despite the setback over the abandonment of the larger class sizes, the National Government was still committed philosophically to implementing some form of performance pay for 'meritorious teachers' in the foreseeable future.

Reports prepared for the 1975 Annual PPTA Conference, following in the wake of Austin's and her colleagues' five years or so of research at that point, encapsulated all the above ideas. The reports contained calls to implement both school-based teachers' salary regimes and some form of performance pay for the best performing teachers. However, the reports had a stony reception at both the National Executive level and at the PPTA's Annual Conference, with members of the National Executive, in particular, proving rather resistant to the merits of the ideas contained

therein. There was little general enthusiasm for the key recommendations. The National Executive felt that they were premature, to say the least.

Austin (Austin interview, 2011, p. iii-iv) characterised the PPTA National Executive's reaction as being that of protecting their own turf. She felt that they wanted to bury the ideas and not pass them on as either discussion papers or as remits at the 1975 PPTA Annual Conference. She felt they did not wish them to be debated at a national level or to be examined thoroughly by delegates from the length and breadth of the country.

Margaret Austin, as a reforming secondary school Head of Department at the time, believed that her union's National Executive had in truth decided only to support the existing teachers' salaries status quo and to not accept any contrary views. In addition, she felt that they wanted to make this decision as a National Executive on behalf of the entire national membership. Tens of thousands of constituent PPTA members would thus march in lockstep and cleave to the status quo of the centralised teachers' salaries structure and to the existing 'post-war educational consensus'. In her view, she judged that the national leadership of the PPTA had placed values of self-preservation, in terms of the influence and the political power of the union, above the interests of educational change.

If national teacher union members were not going to be in the vanguard of salary change then the same could not be said of Maori who were chafing increasingly under the restrictions of the centralised system. This point shall be developed further in the following chapter.

Some bureaucrats also felt that bulk funding had been foreshadowed by previous developments such as the McCombs Report (1976). Maurice Gianotti, located in the Ministry of Education's (1991-1992, p.115) files, was explicit in his view that Picot had been "foreshadowed" by the 1974 Education Development Conference, the 1976 McComb's Report, the 1981 Community Education Initiative Scheme (CEIS),

and the 1987 Report of the Committee to Review the Curriculum of Schools.” Gianotti’s memorandum note of 3 March 1992 had also attributed the reform of educational administration in New Zealand to a “... very determined Minister of Education, David Lange” who had been instrumental in ensuring that the reform of educational administration was incorporated into the Picot Reform package. Pope’s (2011, p.248) memoir also stresses Lange’s determination to dilute teacher union influence and to strengthen parents’ input into schools at that time.

Therefore the bulk funding of teachers’ salaries in New Zealand did not emerge out of a vacuum. Nor did New Zealand school authorities rely as much upon central government fiat as had British school authorities under Thatcherism. In fact, there were competing local influences that helped lead to the development of the bulk-funding policy in the late 1980s and its eventual adoption in 1992. This bounds the New Zealand case study with unique and significant delimitations in terms of the international context. This present study will show that movements towards Maori sovereignty that had gained strength from the 1970s, an ostensibly ‘left wing’ influence had fused with some of the New Right Treasury influences of the 1980s to produce irresistible local pressures for change. The Comber Report (1981) on gangs, for instance, had supported the Maori iwis’ and Pacific Island communities’ persistent calls for greater control over teachers’ salaries. This move had a great impact upon the history of the CEIS, which was one of the two practical schemes to be adopted in the wake of the release of the Comber Report (1981). Background notes for the Minister of Finance, Roger Douglas, in October 1984, showed that at the first Inter-Departmental meeting of July 1981 the previous Minister of Finance, R.D. Muldoon, had authorised the allocation of funds for the CEIS. This somewhat historically neglected scheme has emerged as one of the powerful forerunners of bulk funding in recently unearthed files.

Three ‘at risk’ New Zealand communities - Flaxmere in Hawke’s Bay, Otara in South Auckland, and inner-city Auckland - were allocated twice yearly grants of \$150,000 “to disperse as it saw fit within the general objectives of the programme”(Background

notes, 1984, p.iii). The agents for the programmes' delivery were respectively the Flaxmere Community Network, the Otara Resources Network, and the Samoan-led Olaga Society which operated in inner-city Auckland suburbs stretching from Grey Lynn and Newton to St. Mary's Bay. In the October 1984 inter-departmental minutes the then Minister of Education, Russell Marshall, had recommended in an urgent memorandum to the Minister of Finance that he, his Finance officials, and the "Cabinet Committee on Social Equity note the unanimous agreement that CEIS was producing considerable benefits in the three target communities." In November 1984, one month later, State Services Commission minutes recorded that the SSC Minister, Stan Rodger, had recommended that the CEIS receive a further year's funding despite the objections of The New Zealand Treasury. It was noted in pen at the margins that Mr. Rodger's views had prevailed in this instance.

The CEIS programmes are shown as significant therefore, and are deserving of further study in several respects. For example, the Secretary of the Flaxmere Community Network from 1981 to 1985, Colleen Pilgrim, who was to resurface later as the Executive Director of the New Zealand School Trustees' Association after Graye Shattky's retirement from the position in 1992, summarised the strong feelings of the grass roots Flaxmere community's parents in 1984 and 1985 that they should be able to have a large say in the hiring and paying of teachers in their community. Detailed background notes prepared for the inter-departmental meeting of July 1985, involving the Ministers of Education, Social Welfare, and Police among others, contained Pilgrim's summary of the Flaxmere community's wishes. Pilgrim had written eloquently about the mainly Maori parents of the mainly pre-school and primary school-age students who expressed the wish that the Management Committee of the Flaxmere Community Network, which Pilgrim herself administered, " could have a real influence on the philosophy and practice of Flaxmere schools ", and especially, in the crucial areas of staff selection and payments.

This is an early example, therefore, of the sorts of local pressures that Openshaw (2009) has commented upon and which Gianotti (1992) had drawn attention to in his

background notes in the New Zealand Archives' files. New Zealand's bulk-funding policy with respect to teachers' salaries did not arrive fully formed, out of a void. As early as 1984 and 1985, the local Flaxmere community was seeking explicitly to take charge of appointing teachers and paying their salaries, consistent with examples that Openshaw (2009) had found among Maori communities as early as the 1940s and 1950s. This aspect of New Zealand education history has tended to be overlooked hitherto.

Therefore, research into the CEIS files held by the New Zealand Archives suggests that the whole CEIS programme needs further investigation, because it is more significant to the story of bulk funding than thought previously. This is largely for the reason that, as Gianotti's (1992, p.16) attached notes to the Minister of Education's memorandum to the Minister of Finance in October 1984 showed, there was "a hypothesis behind CEIS that local communities would, if given their own resources, prove capable of developing their own educational responses." The CEIS can be seen, therefore, as an important 1980s development which acted, in the case of the Flaxmere community at least, as a precursor to bulk funding.

For the purposes of this thesis, the period from the late 1970s to the late 1980s is the single most critical one - because this was when the term 'bulk funding' was first adopted widely and when it first found fame in New Zealand. Grace's (1990, p.93) 'post-war consensus', in terms of the central funding of teachers' salaries, had been coming under increasing pressure from earlier on than has been acknowledged previously, for instance, in the 1960s around the time of the Currie Report (1962) as detailed in the last chapter. This was the era when bulk funding really came to be seen as a policy alternative, however, one which the Fourth Labour Government was tempted to adopt.

During the 1960s the importance of centralised teacher salaries was reflected in submissions collated by the Department of Education and then presented to the Currie Commission. The McCombs Report (1976) had allowed for some flexibility in

salary payments for ancillary staff but had conserved the centralised salary system for teaching staff mostly, despite Gordon's (1992) and other commentators' judgment that the McCombs Commission had created some form of precedent for changing from the centralised salaries' system. This would seem to be an overstatement because, in a nutshell, the centralised system remained intact. However, it is to be the contention of this chapter that the move towards some form of incipient bulk funding became irresistible as the 'anxious' decade of the 1970s, to paraphrase Franklin (1978), gave way to the neoliberal visions of the 1980s.

Within New Zealand, pressure was building up internally during the 1980s as Chicago School of Economics style supply side economic nostrums gained traction in significant parts of The Treasury, and among politicians in both the National and, notably, Labour mainstream political parties increasingly. Within influential political circles, as sceptical commentators such as the teacher unions observed, and not without some degree of dread, the times seemed poised for a definitive 'New Right Turn'.

As Apple (2003, p.59) has noted, the international climate also favoured the development of neoliberal ideas such as decentralising teachers' salaries. Among the majority of English-speaking nations such as the United States, the United Kingdom, Canada, Australia and, above all, New Zealand, pressure was building up for central government authorities to relinquish their role in both determining and paying the teachers' salaries and, instead to allow localities, and indeed individual school authorities, to determine the salaries that their teachers were to receive. This pressure was coupled with a move towards introducing merit or performance based pay which, as has been discussed earlier, was often used interchangeably together with the main term of 'bulk funding' as if it had the exact, same meaning. However, it needs to be remembered that not all participants were uniformly in favour of bulk grants being given out to school authorities in order that the 'best, most meritorious' teachers could be paid larger salaries from the said grants. Some school authorities

and educational interest groups may have been content indeed for central authorities to continue to pay teachers' salaries, and at centrally-determined rates.

Performance pay schemes had been attempted in the international context, as international examples, particularly those from the United States, have shown. Openshaw and Barnett (2011) examined the literature, and found that the central motivation behind implementing merit pay was often ideological. A report by independent consultants Deloitte Touche Tohmatsu (1994, p.19) found that the appeal of performance or merit pay often ran broad and deep in the United States because it was "consistent with popular assumptions about free enterprise". However, the dream was often more palatable than the reality, the theory being quite different from the practice. For example, the consultants could cite US based studies by Richard Murnane and Cohen (1986) and by McNamara (1992) which had shown that "most merit pay plans had been abandoned within a few years of having been adopted" (Murnane and Cohen, 1986, p.9).

Deloitte Touche Tohmatsu (1994, p.20) has summarised cogently the main reasons for the abandonment of merit pay proposals in the United States as including

... the narrowing of the curriculum to readily assessable elements, the incentives for teachers to spend more time with those students whose performance they were most likely to improve, only teaching to the test, the negative impact on effective school teamwork, the reduction of staff morale and the discouragement of a collegial working environment.

Their overall conclusion was that if teacher appraisal was linked too closely to notions of performance or merit pay, and especially in a deterministic fashion, then any exercise of a policy of merit pay would become "a mere mechanistic exercise for teachers", as Deloitte Touche Tohmatsu (1994, p.29) have summarised it.

Even more severe than this assessment has been the reaction of other American public sector teaching unionists and academic theorists. For instance, Schwarz (2011, p.A11), writing in the *New York Times*, pointed out that Randi Weingarten, the President of the American Federation of Teachers, felt that moves towards performance pay had angered and galvanised American teacher union members consistently. Weingarten, furthermore, tied merit pay to the worst excesses of the private market and to corporate executives' dereliction of duty which had impoverished the American middle classes (Schwarz, 2011, p.A11). Economist Joseph Stiglitz (2012, p.92) had interpreted performance pay for teachers as yet another example of "a neoliberal, asymmetric information nexus" wherein some individuals had access to privileged information that others did not, with the result that "free markets yield bad outcomes for the wider society."

This was similar to the critique of merit pay offered by W.J. Gardner (1999, p.101), the late Professor of History at The University of Canterbury, who found that although the potential for conflict caused by merit pay would be large, it was nevertheless a superficially attractive idea for New Zealanders given their ethos of rugged pioneer individualism, somewhat akin to the United States ideal of worshipping at the altar of private enterprise.

Therefore, it can be seen that it is difficult sometimes to pinpoint exactly what the distinction is between bulk funding and performance pay in the New Zealand context. There is some degree of overlap. This intersection of terms and philosophical ideas is also apparent in the international arena. In the case of New Zealand this confusion seems to have emerged out of a cauldron of rapid social and economic change that took place in New Zealand in the 1980s, coupled with alliances that were established between competing interest groups, notably between some Labour members of Parliament such as Roger Douglas and business leaders, personified by the late executive director of the Business Roundtable, Roger Kerr.

The history of the initial establishment of bulk funding in the late 1980s is analogous therefore to Kliebard's (1999) account of the struggle for control over the American school curriculum. Alliances of convenience occurred to create change while terms such as 'bulk funding' and 'performance pay' could be used somewhat loosely, if not interchangeably. Ethnic groups, such as African Americans, in the context of the United States, and the indigenous Maori in the case of New Zealand, could ally themselves with a cause such as bulk funding in order to increase their own input into the educational process.

Such historical processes tend to shatter the sacrosanct 'left wing' and 'right wing' labels that have been applied to bulk funding, notably in the antagonistic views of Gordon (1991, 1992) and of Peachey (2005). Maori educational activists had been held to be 'left wing', yet they formed alliances with so-called 'right wing' Treasury bureaucrats and Department of Education administrators in the 1980s in order to push for the implementation of the bulk funding of teachers' salaries. Maori leaders such as John Tamihere and Pita Sharples were aiming for Maori sovereignty over Kura Kaupapa Maori, especially with regards to staffing and salary matters. This functioned similarly to Kliebard's picture in his last chapter, of the competing interest groups within the United States having led to sometimes unexpected alliances which may then have broken apart again and realigned themselves into new patterns to gain greater control over the American curriculum.

It is necessary to examine more closely the role of Maori in determining this seismic shift in the direction of New Zealand education. Maori were searching for a whole new deal for Maori students, as well as for Maori education in general. Put simply, Maori were prepared to entertain the possibility of accepting bulk grants and paying teachers' salaries themselves at their own Maori schools. In this, they were quite dissimilar to the leadership of education unions such as the PPTA who were not prepared to seize the moment and depart from the centralised teachers' salaries system that they felt had served them very well over the years.

Maori tended to reject full central control and sought instead a degree of devolution of power. This devolution of power took the form of a desire to exercise control over staffing matters in terms of both the hiring of staff and the paying of their teachers' salaries particularly. This would link the case study of bulk funding in New Zealand with interesting parallels such as those detailed by Kliebard (1999). Kliebard (1999, p.260) had argued that for communities such as the African American community, educational groups' interests coalesced to both influence and produce educational policy in a complex mixture of 'top down' and 'bottom up' policy formation. This process was more complex than that which had occurred under Britain's vertical educational policy imposition in the Thatcher era, for instance.

The influences on evolving New Zealand Government thinking could be traced to the political and economic crisis of the mid-1970s, as mentioned in the preceding chapter. Although the then Prime Minister, R.D. Muldoon, tended to be both socially conservative and yet very much in favour of government intervention in the economy, some of his Cabinet Ministers, particularly the Hon. Derek Quigley, a Cabinet Minister from that government's second term (1978–1981) were more inclined to embrace more radical solutions, especially neoliberal economic ones.

Quigley called explicitly for a departure from the arbitrated industrial awards that governed New Zealand workers' salaries, including those of New Zealand's teachers and wanted to allow 'the market' to determine the rates of salary increases or otherwise. Victoria University of Wellington Geography Professor, Harvey Franklin (1978), in his seminal work *Trade, Growth and Anxiety*, described the zeitgeist of simultaneous economic and cultural crises, which were manifested frequently in contemporaneous debate about social issues such as Maori youth involvement in motorcycle and street gangs.

Looking back at this era in the context of the historical development of the New Zealand Maori, Dr. Pita Sharples (1992, p.5) had noted that so-called 'left wing' Maori leaders had adopted recommendations from the *Report of the Parliamentary*

Committee on Violent Offending (1979) and from the *Committee of Inquiry into Gangs* (1981), known popularly as the Comber Report. This Report called for Maori-run schools and Maori control over their own education system as an antidote to the perceived current evil of Maori youth gangs. Sharples described these politically 'left wing' Maori leaders of the late 1970s and early 1980s as having been keen to exercise control over school funding, with the majority preferring the option of bulk grants that could be used to establish and hire staff for both Kohanga Reo (the pre-school language nests) and for the Kura Kaupapa Maori, the succeeding Maori primary and secondary schools. In this manner, Sharples saw ostensibly 'left wing' Maori leaders of the age as having had a significant impact upon the eventual development of bulk funding.

This tendency serves to highlight the validity of Openshaw's (2009) contention that, rather than there having been a rigid ideological imposition of a 'New Right' policy of bulk funding in New Zealand education, there had in fact been a more nuanced interplay of complementary forces. It is not always useful to cleave to a bifurcated policy of a 'left wing' versus 'right wing' split on teachers' salary matters. Often ostensibly 'left wing' groups such as the Maori Tino Rangatiratanga movement endorsed the opportunities to receive bulk grants, a nascent form of bulk funding, because it was presumed that bulk grants would yield Maori people comparative advantages over other competing groups within the New Zealand education system. It was also believed that an historical wrong could begin to be righted; that 'generous' bulk grants could make up for years of educational neglect perpetrated by the Pakeha-dominated New Zealand state.

Tamihere and Bean's work *Black and White* (2003, p.1), recalled a speech that he had given to young Maori leaders in Wellington in 1984 just after the incoming Lange Fourth Labour Government had endorsed tentatively an early form of bulk grant payments for Maori and Pacific Island schools at the national Hui Taumata held in September 1984. This was seen at the time as a means to empower Maori and Pacific Island communities, thereby bypassing the entrenched centralised education

bureaucracy - predominantly Pakeha and male in its composition - at the national level. Therefore, it can be seen that the 'left wing' impulse of the national Hui Taumata may have been fused unwittingly with The New Zealand Treasury's contemporaneous 'right wing' impulse of wishing to devolve financial and political responsibility for the Maori and Pacific enterprises from the Crown (at the centre) to Maori and Pacific communities themselves in their own localities.

The energy behind the impetus for bulk funding was forged in such a crucible of parallel impulses from competing points of view. This perspective is different from the traditional one-dimensional view of the hostile 'New Right' takeover of education. Therefore, the history and historiography of this contestation of public education policy in New Zealand will be viewed best without ideological pre-conceptions, because both 'left' and 'right' wing participants had sent 'mixed messages' that were fused together unconsciously to create a whole that was more dynamic than either of its constituent parts on their own. This was, in essence, a gestalt.

Chubb and Moe (1990, p.41) have shown that there were international parallels in the case of grassroots movements whose members were seeking educational control for indigenous peoples in both Nicaragua and Mali. In the cases of both countries, tribal Councils and groups of elders felt that their tribal groupings or pan-tribal federations would benefit greatly from running their own schools and appointing their own teachers. It was also envisaged that they would pay their own teachers. Furthermore, Chubb and Moe recorded that both their case study groups were seeking the equivalent of bulk grants from their respective national governments to fund their endeavours. In the case of both countries, indigenous groups did not wish in particular to adhere to any models that were still reliant upon religious institutions. In the case of Nicaragua, these were the proselytising Catholic orders and North American Evangelical Protestant churches. In the case of Mali, these were fundamentalist Sunni Islamic 'madrassas'.

Chubb and Moe's (1990) international overview has particular relevance to the case of the New Zealand Maori. The Maori iwi, as has been seen, showed a tendency to hew to a path of autonomy and independence from the dictates of central government. The future Labour Member of Parliament and Cabinet Minister within the fifth Labour Government, John Tamihere, was an ostensibly 'left wing' community leader but he wanted Maori schools to receive bulk grants. His 1986 speech to a national Hui of Maori youth in Wellington stated that the Kura Kaupapa Maori movement would benefit indeed from bulk grants (Tamihere and Bean, 2003, p.33). Tamihere also summarised the considered position of many Maori elders or kaumatua, from as early as 1979, and reviewed the establishment of the Comber Commission on Maori youth gangs, finding that bulk grants would be a welcome development. Since that time, many kaumatua had believed sincerely that some form of bulk funding would benefit their own indigenous Maori schools far more than the century's worth of centralised government schooling for Maori offered by the New Zealand state had done.

At the same time that Maori leaders were showing enlightened self-interest by means of their endorsement of a nascent bulk-funding system, the seminal report, *Government Management II* (1987) reflected The Treasury's determination to reform both the economy and government administration along 'neoliberal' lines. The Treasury envisaged a 'reform' of the entire education system as an integral part of a wider reform of the whole apparatus of the New Zealand Government.

The Treasury claimed that the justification for wholesale change and radical transformation of the system could be located in the fact that their hands had been forced by the breakdown of what Grace (1990, p.186) had termed "the post-war educational settlement". This settlement had been exacerbated by the long-running fiscal crisis which had gained momentum in the mid-1980s. Regardless of the ideological hidden agendas that had begun to colonise influential niche groups in both political parties and in the public service, notably The Treasury and the Reserve Bank, Codd, Harker, and Nash (1990, p.58) drew attention correctly to the very real

economic crises that confronted New Zealand by mid-1984. For example, the severe drain on foreign exchange reserves which occurred in July 1984 could be used to justify the necessity of reform. By the same token, Labour Government members and civil servants who did not believe in supply-side Chicago School economics were persuaded also that reform was necessary. They were then led by degrees into jettisoning Keynesian Welfare State economics which had been sacred hitherto.

Therefore, by the time of the re-election of the Labour Government later on in 1987, the time was propitious for introducing proposals such as the bulk funding of teachers' salaries. As we have seen, the McCombs Report (1976) had prepared the ground for the introduction of this policy as well. The Treasury, allied with influential Labour Government Ministers, argued that the introduction of bulk funding would constitute an important countermeasure to extricate New Zealand from its chronic state of indebtedness.

It could be argued that the momentum for change which had been building as a result of succeeding political and economic crises was prone therefore to being hijacked by 'neoliberal right wing' ideology. Codd, Harker, and Nash (1990) and Nash (1989, p.15) highlighted the fact that it was unclear whether politics, economics, or ideology was the main trigger behind the radical change in policy development. Nash (1989) had argued that economics was a convenient smokescreen for the significant ideological realignments taking place during the Fourth Labour Government's period in office between 1984 and 1990. However, as the co-authored Codd, Harker, and Nash (1990, p.329) book had argued, it is likely that the triangular intersection of economics, politics, and ideology had served as the fuel that ignited radical change.

By 1987 The Treasury's (1987, p.5) second volume of *Government Management* was arguing that the education sector was "ripe for reform". The then new generation of Treasury bureaucrats (1987, p.28) used Friedman's (1963) terminology, so 'getting an education' was assessed in terms of "economies in

individuals' transaction costs". They (1987, p.32) could, furthermore, claim confidently that "In the technical sense by economists, education is not a public good." It was against this backdrop that the bulk funding of teachers' salaries as an education policy initiative was introduced. It is also important to remember that the bulk funding of teachers' salaries, as a policy, constituted a subset of wider educational reforms.

Literature from overseas played a significant role in buttressing The Treasury's argument because the authors of *Government Management* (1987, p.8) had cited American surveys which purported to show successful outcomes for policies of bulk funding in overseas contexts. The Treasury (1987, p.9) argued that there would be benefits from such a policy because it would "engender caution as to the way we spend our education dollars." These surveys were cited to provide ideological ballast if not outright justification for the adoption of bulk funding. The main source cited in the footnotes was American economist Richard Rosmiller. Richard Prebble's Treasury brother, Mark, had caught Rosmiller's 'Intervisitation' lecture in Fiji in August 1986 while other Treasury officials had attended the New Zealand leg of the programme between 24 and 29 August 1986 (The Treasury, 1987, p.9).

Rosmiller (1986, p.7) spoke of the great successes that bulk funding had enjoyed in the state of Wisconsin, successes which Munro (1989) was to challenge later in his PPTA-commissioned Report. The Treasury took the Wisconsin model as gospel, and felt that it provided a successful model for adaptation to the New Zealand context. Rosmiller (1986, p.8) wrote and lectured on "efficiencies in educational outcomes" in Wisconsin, and this presentation proved irresistible for The Treasury officials (1987, p.8) who had praised the notion of securing "efficiencies in education spending".

Later, former New Zealand School Trustees' Association (NZSTA) National Chairperson, Graye Shattky, (Shattky interview, 2011, p. xlvii) during his interview in April 2011, recalled that he was asked to visit the state of Wisconsin in the early

1990s, a full decade later, to see the success of the policy himself. He returned from Wisconsin to recommend its adoption to the NZSTA. Therefore, it can be seen that the Wisconsin example had continuing appeal for the proponents of bulk funding who accorded it the status of a talisman, almost.

The later PPTA-commissioned Munro Report (1989, p.30) looked back at this era in United States public schooling through a very different lens. The Munro Report (1989) had argued that The Treasury's variety of case studies, rather than being generalised and definitive, were isolated and highly selective in nature. The Munro Report (1989) went on to survey the research literature in detail highlighting, by way of contrast, antithetical case study results. For instance, Munro analysed the state of Minnesota's unilateral imposition of bulk funding on their state education system which, in fact, revealed an unimpressive picture. Munro (1989, pp.33-35) concluded that there had been a negative impact with bulk funding upon educational outcomes in the state of Minnesota, a state with a similar geographical, demographic, and cultural mix as Wisconsin. The Treasury (1987, p.29) had cited Rosmiller's (1986) research with approval, but Munro was interested in challenging some of Rosmiller's assertions with regard to the effectiveness of bulk funding in Wisconsin itself.

The mass of detail that Munro (1989) had access to confirmed his belief in the sceptical conclusion that he reached eventually. Thus it can be seen that the use of international literature in a partisan way to either justify or to vilify bulk-funding exponents' positions could provide reference points for both comparison and contrast for an analysis of this late-1980s period. The international literature also provides ample opportunities for comparing and contrasting analyses of bulk funding from this vantage point almost two decades after the practical implementation of the policy of the bulk funding of teachers' salaries took place here in New Zealand.

The 1978 to 1987 period is thus a crucial one in terms of the lead up to the adoption of the bulk funding of teachers' salaries as a national policy in New Zealand. Although the reaction of the indigenous Maori people was important in setting the

stage for the adoption of the policy, it was not necessarily the mainspring for the policy itself. The reaction of Maori leaders and educators, as has been delineated in this chapter already, tended to function in a manner similar to that of the African Americans whom Kliebard (1999) had described. Indigenous peoples' action groups tended to create additional pressure for change rather than the impetus for change itself. Furthermore, this trend is similar to the complementary effect that international literature has had on the historical development of this policy within New Zealand over this period.

International case studies tended to be cited on a selective basis to make either a call to arms to introduce the bulk-funding policy or, conversely, to make an argument for withdrawing or jettisoning the said policy. Hence, this literature created additional pressure for either the policy's adoption or for its rejection, yet it was not the mainspring for the actual bulk-funding policy. The international case studies were used as ammunition by both sides, yet the impetus to introduce bulk funding came from within New Zealand itself.

Treasury analysts, for example, tended to focus on international case studies which bolstered their point of view. In short, they had recommended the adoption of the policy of the bulk funding of teachers' salaries. Therefore, naturally enough, there was an intense focus on Rosmiller's (1986) work in Wisconsin. Yet this was in the nature of a supplementary activity, performed in order to encourage the passage of the bulk-funding policy. It was not the well-spring of the policy itself. It is to be my contention, rather, that political decision making lay at the heart of this seminal change. Radical change in education policy was being prepared for during this 1978 to 1987 period. A wholesale shift in ideology (and in practices, subsequently) had been presaged.

This shift precipitated a movement away from what Clark (2005, p.130) had called "the ideology of social equity" which had been given articulate voice in Fraser's (1939) influential statement "... that every person, whatever his level of academic

ability, whether he be rich or poor, whether he live in town or country, has a right as a citizen to a free education for which he is best fitted and to the fullest extent of his power". Instead, there was to be a transition away from what Clark (2005, p.131) had re-paraphrased as "this liberal ideology of egalitarianism" towards a New Zealand Treasury (1987) *Government Management* – influenced "ideology of individual choice".

This transition had been foreshadowed already in Franklin's (1978, p.i) academic analysis of the social and economic crises stemming from New Zealand's fiscal crises which, in turn, had stemmed from chronic trade imbalances from at least the beginning of the 1970s. Politicians such as the then Labour Member of Parliament, Roger Douglas, and the then National Cabinet Minister, Derek Quigley, were neither slow nor remiss in crafting political alternatives. Both Douglas' and Quigley's alternative ideas posed an intellectual challenge to the established educational orthodoxy.

Education, in the Roger Douglas (1980) vision, was to be a constituent part of what Perigo (1994, p.2) had dubbed the "retreat of government from the economy in order to facilitate the creation of wealth". This newly created wealth could then be redistributed by the Government in a manner that Perigo (1994, p.3) interpreted as a passing nod on Douglas' part to his past that had been replete with "impeccable Socialist credentials". Easton (1997, p.15) by comparison, had felt that there had been confusion in Douglas' mind when he penned his 1980 manifesto: "For every sentence that can be read as a precursor to Rogernomics, there is another which shows him still to be a keen interventionist". Former Prime Minister Mike Moore (1987, p.82) had stated earlier that he had felt that education was an important component of Douglas' proposed economic changes and that 'a silent majority' of New Zealanders must have been in agreement because they would have been able to consult Douglas' 1980 work.

Brian Swale (1999, p.1) of the Institute of Forestry, however, disagreed vehemently with the above point because he felt that New Zealanders would not have been aware of any drastic changes in the offering because of the mixed messages that Douglas had sent, as has been identified above. John Quiggin (2000, p.36), an economist from James Cook University in Australia, had reinterpreted Douglas' 1980 work retrospectively as being part of a "radically new policy agenda", even if its author felt that he was "still open to interventionist as well as free market options". The radical free market programme was thus the dominant strand according to Quiggin's (2000) reading of Douglas' work.

Douglas (1980) himself had built upon rebel Cabinet Minister Derek Quigley's criticism of the Muldoonist economic interventionist policies. According to Quigley's fellow Cabinet Minister, Hugh Templeton (1995, p.73) , Quigley and Douglas (who would both later be prominent in the ACT political party) felt that education was an important tool to utilise in order to change the macro-economy in New Zealand radically. Kerr (1999, p.210), in discussing the tertiary education system in New Zealand, also commented upon the importance that Douglas had attached to education policies in his 1980 manifesto. Douglas maintained that both his advocacy of bulk funding and his hostility to refractory teacher unions dated from this time - the early 1980s. Kerr (1999, p.210) claimed that he himself had been influenced by Douglas' (1980) prescription for bulk funding, especially as it pertained to teachers' salaries.

Douglas (1980, p. 49) was definitely of the opinion that there had been a 'capture' of teachers' salary structures and indeed of the wider education system by the education sector unions. As early as 1980 Douglas had maintained that teacher unions were an impediment to educational change and development, a view that his sometime partner and adversary, David Lange (2003, p.157), came to share by 1987, as he recalled in his later autobiography. The Douglas view posited that teacher unions were an obstacle to the introduction of an economically rational salary system and, as such, were committed too deeply to the existing industrial

arbitration system. Perigo (1994, p.2) had opined that such a system had been fashioned into a deeply personal one under Prime Minister Muldoon.

The often-labelled 'Muldoonist' system relied on early Prime Ministerial intervention which would finalise a specific offer of a salary settlement at a level higher than that which education authorities had proposed usually, but at a level much lower than that which had been sought by the relevant teacher unions of the day. Perigo (1994, p.3) saw this as being part of an elaborate dance whose rules were understood by all participants. He also felt that this system discouraged innovative results or better teaching. Quigley, and like-minded thinkers like Douglas, felt that there had been an inherent market distortion in teachers' salaries as a result of this heavily centralised system being in operation.

In their view, it would have been better if school authorities and localities had had control over the teachers' salaries in place of the centralised bureaucracy. Douglas (1980, p.51) thus mooted the idea of bulk grants for teachers' salaries during this period. Prebble (1996, p.61), looking back from a retrospective point of view as a 'right wing' ACT Member of Parliament in the late 1990s, cast the debate in terms of "zero tolerance for educational failure".

In the very middle of the bulk-funding era, in terms of its operation as a government policy, Richard Prebble, a former senior Minister in the fourth Labour Government, placed the blame for all the failures of the centralised teachers' salary system squarely on the shoulders of the teacher unions, and specifically on the PPTA. Prebble stated later that even in the early 1980s he had been very aware of the PPTA's role as a zealous guardian of the status quo with the centrally-arbitrated salary system. Brian Easton (1997, p.1) noted furthermore that Prebble had a perception at the time that the PPTA's wish was to keep centrally-funded schools and teacher rolls intact. Prebble saw this definitely as a barrier to educational progress and viewed this devotion to central funding, on the part of the PPTA, as a fetish that was motivated more by politics than by common sense.

However, the most important point made, one that Prebble (1996, p.63) kept reiterating, was that he had not come to these conclusions alone in the 1980s. Prebble claimed that important, influential, colleagues in the Labour Caucus, such as Douglas and Trevor de Cleene, had decided jointly that bulk funding had to be implemented in order to guarantee educational success in New Zealand. Prebble (1996, p.61) maintained that he and his colleagues were motivated by a sense of shame about New Zealand's then 'educational mediocrity' and expressed a desire to raise it to the level of the world's top educational league tables once again. He tied in these beliefs with his anecdote about the New Zealand secondary school student who had transferred to a school in the United Kingdom and being behind his British counterparts who were, in turn, behind their corresponding Japanese student cohort.

Prebble (1996, p.61) intimated moreover that he had been converted to bulk funding by hearing such stories in the 1980s and felt then, as he did later, that "... the PPTA is to blame". His feeling was that the teacher unions stifled enterprise and competition, and that therefore school authorities and individual teachers were discouraged from bettering themselves. Picot (1988, p. ii) had expressed similar concerns during the meetings of the Picot Committee in 1987 and 1988.

Prebble is a good example of a politician and participant in the bulk funding debate who tended to 'merge' the terms of bulk funding and performance pay, because he believed strongly that 'better teachers' would be rewarded by the market, which would itself create the educational success and thereby mitigate the widely prevalent 'educational failure', caused in no large part by the inflexible, centralised, teachers' salary system.

Thus Prebble's self-confessed frustration with the teacher unions, a frustration that he was at pains to point out, was shared by many of his then Labour colleagues, especially the three Ministers in the Finance portfolio. This was something that he argued influenced the political course adopted by the Fourth Labour Government vis-à-vis education. It was amidst this environment of Cabinet Ministers who were

examining the perceived chronic educational failure closely in the mid-1980s that bulk funding was to emerge into sharp relief. Prebble (1996) maintained that he and his colleagues saw bulk funding as a potential panacea for New Zealand's educational ills and concluded that it formed part and parcel of a wider coherent strategy for social and economic advancement and change.

Prebble (1996, p.61) also objected to the "compulsorily-funded" nature of the PPTA with its then "NZ \$ 4 million a year" national budget. The argument in Prebble's (1996, pp.61-62) manifesto was that "... the government can produce studies showing that bulk funded schools are out-performing centrally funded schools" but that this, apparently, held no sway with the allegedly perversely obstructive PPTA. Prebble maintained that in the 1980s the earlier American studies, such as those expounded upon in *The Treasury* (1987) volumes and as discussed earlier in this chapter, had given the Labour Government ample confidence that bulk funding would lead to a chain reaction that enabled teachers, schools, and finally the students themselves to perform better.

Therefore, according to the testimonies of leading politicians of the time, their political will to effect change was transforming into action. Lange (2005, p.158) implied that the crucible of being in government also helped to transform the fourth Labour Government's priorities. In many instances there was a hardening of positions. Former friends and allies, especially the unions, came to appear in a more adversarial light in many cases. The case of the teacher unions was certainly no exception to Lange's generalised suspicion of unions throughout the 1980s. The changes wrought by the realpolitik of being in government were themes that echoed throughout Lange's autobiography.

Nevertheless, it is evident from Douglas' (1980) book, *There's Got to Be a Better Way: A Practical ABC to Solving New Zealand's Problems* that New Zealand politicians of the era were embracing the dynamic of the Chicago School of Economics already, both absorbing and reflecting the zeitgeist of incipient

Reaganism and Thatcherism from their native United States and United Kingdom contexts. The prohibitions placed on such theories during the Muldoon era (1975-1984) made the economic nostrums even more seductive intellectually. New Zealand politicians such as Douglas and Prebble were also drawing the 'obvious' conclusions that social policy, particularly major budget items such as health and education, would be affected.

Notions of competition and free enterprise were gaining currency in New Zealand in the 1980s. Political positions in favour of competitive salaries had solidified by the middle of the decade and, particularly by the time of the re-election of the Fourth Labour Government in August 1987. In summary, the idea of bulk funding teachers' salaries gained momentum and more than a degree of political acceptance by 1987 itself. Bulk funding had moved from being a radical idea situated out 'left field' of the political spectrum into the centre of the play. There had been a translation of the idea directly into the centre of political discourse. For example advisory groups, such as the Picot Committee, came to debate bulk funding and, ultimately, to endorse and recommend it.

Thus it can be seen that the contention that politicians themselves often fired the motor of radical change vis-à-vis policies such as bulk funding can be borne out. This historical process can be traced through their written records or by contemporaneous reports in the media. In turn, the politicians often inspired their civil servants to follow suit and to develop ideas which had been general statements of principle, such as bulk funding, into fleshed-out practice.

The Treasury's (1987) two-volume *Government Management* thus extrapolated upon the bare bones of policies such as the bulk funding of teachers' salaries. From statements of general principle that were enunciated and claimed to be positive ideas, detailed rationales were advanced, spelled out, and elaborated upon at great length. International case studies, culled from the available overseas literature, were marshalled frequently as 'evidence', as has been seen earlier in this chapter.

These overseas examples, allied to indigenous trends such as the Maori people's protracted search for an educational identity and for schooling success, similar to the search demonstrated by Kliebard's (1999) example of African Americans, led to some pressure to change the centralised teachers' salaries awards. Kliebard had researched the quest by African Americans to take control of the American syllabus, and, hence to provide a role model for educational policy change. Bulk funding was poised to rise like a soufflé therefore in the years immediately following 1987.

CHAPTER SIX

PICOT PRESAGES THE FUTURE: 1987 – 1989

If bulk funding was indeed a metaphorical soufflé, it would be reasonable to view Brian Picot as the principal chef helping that soufflé to rise. The Picot Committee which began to fulfill its brief in 1987 produced the highly influential Picot Report (1988). This Report, *Administering for Excellence*, known popularly as the Picot Report, had effects which were seismic. It would be no exaggeration to view the Picot Report as a pivotal publication in New Zealand's educational history.

Friedman (1963), in *A Monetary History of the United States: 1867–1960*, had viewed the Bretton Woods negotiations of 1944 as constituting 'pivotal events' in the sense that various world Governments had bargained for economic programmes which they would lead. In his view, this represented the high point of the socioeconomic philosophies of Keynesianism. Naturally, Keynes' emphasis on the centrality of a Government role in the economy was anathema to Milton Friedman's world view.

It could also be argued that in the context of New Zealand's educational history, the Picot Report constituted a 'pivotal event' in terms of this neoliberal definition. A Committee-designed document such as the Picot Report could be seen to have changed the direction of teacher salary administration in New Zealand. The change was to revert to a more *laissez faire*, almost 'nineteenth century', approach to teachers' salaries as opposed to the centrally-determined system. In this way, the Picot Report (1988) was as pivotal as was the 1877 Education Act, and as important as were the 1901 and 1914 Education Amendment Acts. As we have seen in previous chapters, the latter Acts had been influential in setting up the national salary structure for teachers.

Olssen and Peters (2005, p.314) have described neoliberalism as being a movement which “relies upon the identification of a core issue in order to push the envelope”. It could be argued that bulk funding appealed to neoliberals in New Zealand as just such an issue to reinvent the wheel in the 1990s. Bulk funding could be transformed into a pivotal event which therefore would change the nature of New Zealand schools fundamentally.

In terms of recent New Zealand educational history it is difficult to overstate the importance of the Picot Report, given that it created an historical marker denoting the changing of direction away from the centralised model of the status quo with regard to teachers’ salaries in New Zealand. Hence, the bulk funding of teachers’ salaries emerged into plain view rapidly in the years immediately after 1988.

No policy initiative has had a greater impact on the future direction of New Zealand education or did more to usher in the bulk funding of teachers’ salaries than did the Picot Task Force’s Report *Administering for Excellence*, released in April 1988, and the Government’s official response in the Department of Education’s *Tomorrow’s Schools (1988)*, released later the same year. As Openshaw (2010, p.3) had noted, the Task Force “had been charged by Labour Prime Minister and soon to be Minister of Education, David Lange, with comprehensively reviewing administrative efficiency across a greatly expanded education system that now incorporated early childhood, primary, secondary, and post-compulsory education.”

Bassett (2008, p.278) interpreted Lange’s move into education as ‘social grandstanding’ and as a complement to his interest in the government investigations into social policy during 1987, as well as a sign of his increasing distance from Roger Douglas:

Lange said he wanted a portfolio that would associate his government with social policy. He seems to have held the mistaken belief that Peter Fraser, Labour’s greatest Minister of Education, had held the portfolio while Prime Minister,

although in reality Fraser had held the position for only one month while PM. There was no enthusiasm among his colleagues for Lange's suggestion.

It must be noted that Bassett was somewhat mistaken in terms of his facts. Rex Mason had originally held the portfolio and then Tony McCombs whilst Fraser was Prime Minister. Therefore, parts of the Cabinet, it seems, did not share Lange's belief in the Picot reforms into which he was going to invest so much political capital.

Be that as it may, the Picot Task Force's brief included a critical scrutiny of the Department of Education's functions along with a reassessment of school, college, and polytechnic governing bodies, with a view to delegating responsibilities and increasing community control" as per the Cabinet's brief (1987, p.1). The Report of the Task Force, which became known as the Picot Report (1988), represented the most fundamental shift in New Zealand educational administration since the 1901 Education Act had centralised educational administration. This legislation had represented the most fundamental shift at that time since the Education Act of 1877 which set up the entire national system of public primary level education. These seminal Acts had been explored in Chapter Three of this thesis.

Lange appointed Brian Picot, a businessman from the supermarket retail sector with publicly acknowledged social interests and liberal concerns. Former Minister of Education Russell Marshall had also been a keen advocate of Picot's candidacy. Lange came to endorse that view and said so in Cabinet. Other Task Force members included Peter Ramsay, Associate Professor of Education at the University of Waikato; Margaret Rosemergy, Senior Lecturer in Education at the Wellington College of Education, Whetumarama Wereta from the Department of Maori Affairs, and was rounded out by the appointment of Colin Wise, another businessman. Staff members from The Treasury and from the State Services' Commission were seconded to assist the Task Force in a clerical and research capacity. Gordon (1991, p.10) has concluded that these seconded departmental

staff may well have “applied pressure on the Task Force to move towards eventually privatising education, as had happened with other Government services.”

What had hitherto been isolated, discrete, strands presaging the radical reform were coalesced in the Picot Report. The implications for teachers’ salaries were major because there was for the first time a definite recommendation to the Labour Government that teachers’ salaries become bulk funded. The Picot Report (1988) also gave impetus to the official Government response in the form of the Department of Education’s *Tomorrow’s Schools* (1988). The latter document gave an official imprimatur to the notion that there be not one but two bulk grants for funding New Zealand schools; an administrative one and a salaries one. Openshaw (2009, p.39) had pointed out that *Tomorrow’s Schools* (1988) actually “fell short of imposing salaries’ bulk funding”. The latter half of bulk funding was suggested as a goal to be implemented at a later date, while the administrative grant was to be implemented directly at that time.

The reasons for caution in promoting the development of salaries’ bulk funding had tended to be rooted in the realpolitik of the era. Pope (2011, p.249) has noted that the then Minister of Education, David Lange, was particularly sensitive to protests from the public against interfering with teachers’ salaries, although he felt inclined to challenge teacher union positions on many occasions. Pope (2011, p.248) also confirmed that Picot was felt to be the right man to head the Committee examining education, given his background in both business and philanthropy. There had been a feeling among the Government and more widely among the general public, as reflected in the popular media of the time, that it was going to be difficult to implement bulk funding in terms of teacher salary changes, but that administrative needs such as school equipment, buildings, maintenance, and the like could be covered more by a bulk payment. What the Picot Report achieved was to formalise this approach, although it is important to link bulk funding to what Snook (1998, p.1) had dubbed “the slogan of choice”, choice having replaced earlier notions of equality.

The Picot Report (1988) often emphasised consumer choice, thus reflecting the concerns about 1980s economic libertarianism as well as those of Maori and of some Pakeha communities. By the time of the re-election of the Fourth Labour Government it could be seen that earlier ideas of equality under a welfare state were less fashionable and that the rhetoric of market forces was in the ascendant. School authorities were to have choice as to how they allocated their administrative resources while, most significantly, they were to have choice eventually as to how they could allocate their salary resources to their teaching staff. Since the 1901 centralising reforms, as explained in Chapter Three, this had not been a choice which they were entitled to make.

The official Government response, *Tomorrow's Schools* (1988), confirmed most of what was said about bulk funding in the Picot Report. These series of educational reforms, relating specifically to bulk funding and which were designed to give power to the localities to make educational decisions, involved such measures as were initiated at the level of central government. These measures galvanised the nation's school authorities and teachers into action. As a secondary teacher myself at the time, I well remember my school's teachers having been deeply engaged in devising their School Charter during the first school term of 1989, in addition to coming to grips with the forward planning of future bulk-funding grants, particularly with regard to teachers' salaries. Operations grants were in place by that stage already, and there was a sense that bulk-funded salary grants would follow shortly.

However, as stated earlier, a sense of realpolitik was never too far away. Not all of the Picot Report recommendations would be implemented. The Picot Task Force's concept of a co-ordinating Education Policy Council was shelved because some people within the government felt that an overarching National Council would be quite unwieldy in practice. The school charter, being "a contract between school boards, the local community and the central authorities", as the Department of Education (1988, p. iii) put it - despite the enthusiasm in many schools at the start of 1989 - never realised its dream. After a review by the State Services Commission

(1987), the preferred option of the boards of trustees being made “responsible to the Minister of Education” was selected. The Minister thereby gained the power to dismiss boards so long as there were extenuating circumstances. These were theoretical powers which were tested eventually by certain notable cases in practice.

Furthermore, in what was to be a key retreat from the full Picot programme, the recommendations of the Task Force for the immediate adoption of Government funding for the boards of trustees so that they would assume the responsibility for the payment of teachers’ salaries in the place of central Government, was rejected by the Cabinet. The authors of *Tomorrow’s Schools* (1988) took a more prescriptive role vis-à-vis the bulk funding of the operations grant, and subordinated the teachers’ salaries grant. Labour Ministers of Education, Lange, and subsequently Goff, tended to take a similarly cautious approach to introducing bulk-funded salaries. While union opposition remained intense, they preferred to move incrementally and to defer the implementation of the bulk funding of teachers’ salaries to the future. This deferral shows that there were definite limits to Government radicalism. Eventually, this led to the new National Minister, Lockwood Smith introducing the salaries’ bulk funding initiative on a voluntary trial basis in 1992.

Fiske and Ladd (2000, p.4), writing later from an American perspective, were more inclined to view the New Zealand bulk-funding changes as being radical in nature. They characterised *Tomorrow’s Schools* (1988) as depicting “bold ... reforms so significant ... that New Zealand has taken them further – than [has] any other nation.” To a degree, their historiography was fuelled by left-leaning critics of New Right education such as Michael Apple (1993). This criticism of ‘reform’ led to New Zealand being identified as the poster child for unilateral and radical educational change. Part of the impetus behind this labelling was that New Zealand was a unitary state where educational change could be effected in full at a national level as opposed to being implemented piecemeal or at differing degrees among competing state-or-county-wide local jurisdictions, as in the United States.

This position of the convenience of a national implementation of bulk funding as opposed to a local one was exemplified by Fiske and Ladd's (2000, p.3) argument. As they put it, "in 1989 New Zealand embarked on what is ... the most thorough and dramatic transformation of a compulsory State education system ever undertaken by an industrialized country". It is possible to question Fiske and Ladd's (2000, p.3) view as they had, for example, described *Tomorrow's Schools* (1988) as an instant plan that "virtually overnight turned one of the world's most tightly controlled public education systems into one of the most decentralized". The means by which this ostensible goal was achieved was described as being via "the abolition of the national Department of Education and the turning over of control of ... nearly 2700 primary and secondary schools ... to locally elected Boards of Trustees" (Fiske & Ladd, 2000, p.5).

However, as has been seen already, this notion of pure radical change had been compromised by political realities, even prior to 1989. The Minister of Education assumed many of the functions of the old Department and the Ministry together with politicians, who had responsibility for education, were obliged sometimes to intervene in decisions made by individual boards of trustees if they were deemed to be unwise. It has also been evident that the initial idea to grant schools complete autonomy through their charters was going to be subject to a cooling dose of political reality. It was impolitic to grant schools complete power, as Openshaw (2009, p.191) noted in his example of Lange's explanation to the *Christchurch Press* that the Government could and would intervene if an individual board executed a patently extreme agenda by means of their charter.

This potential for intervention puts paid to the concept of the 'dramatic transformation' to which Fiske and Ladd (2000, p.7) had subscribed. In practice, it was not so easy to change from the centralised teachers' salaries system of graded salary distribution to an individual school authority to decide completely on their own what the appropriate levels of remuneration for their teaching staff would be. As the

Fourth Labour Government discovered, especially in 1989, bulk funding of teachers' salaries was a hard political 'row to hoe'.

Therefore, the then Minister of Education, Phil Goff, announced in April 1990 that while the Operations Grant would continue to be implemented across the board, there would be a moratorium on introducing the salaries component that had been argued for in the Picot Report so zealously and then adopted officially in the *Tomorrow's Schools* (1988) document, even if it had not been emphasised greatly. Thus it can be seen that the reality of the bulk-funding salary 'reforms' did not match the rhetoric. Compromises had to be made. Radical ideology did not 'rule the roost', as had been claimed in later, predominantly American, historiographical accounts.

What is evident clearly is that accounts of the New Zealand experience with bulk funding have been reflected frequently in the mirror of overseas researchers' preoccupations. Fiske and Ladd (2000, p.7) made this explicit when they posed the rhetorical question as to whether "similar reform (in the United States) ... would improve the performance of the country's troubled public school system". As the authors went on to explain, "...judgements about the potential benefits of these ideas, as well as the general relevance of economic models to educational systems, tap into deeply held values ... (while) discussion in the U.S. has been hampered by the lack of practical experience with them" (Fiske & Ladd, 2000, p.7).

Thus there was a perceived utility in the New Zealand case study which had delivered allegedly "the introduction of ... full parental choice in terms of schools" in addition to "the development of a competitive culture in the state education system" (Fiske & Ladd, 2000, p.8). The degree of competition in the New Zealand practice may have been overstated by the American commentators. This situation may have come about as a result of their perception that the New Zealand education system "... (which) functions much like our own (in the U.S.)" and the net result may have been that it somewhat misled Fiske and Ladd's (2000, p.9) target audience of "U.S. policy makers" who required, according to the writers, "... a wide range of

appropriate insights and implications to consider as they gauged the merits of bold education reform.”

Moreover, Fiske and Ladd's (2000, p.9) work, *When Schools Compete*, was seen originally as a useful mix of both qualitative and quantitative analysis, particularly by American educationalists. However, Fiske and Ladd's conclusion that the so-called New Zealand experiment constituted a pure application of “ideas of market competition to the delivery of education” is challenged by my present study. It seems evident to me that, with regard to the bulk funding of teachers' salaries in New Zealand, ideas of pure competition were often trumped by the exigencies of political realism. This idea of the trumping of ideology by political reality will be revisited in the concluding chapter.

One of the main facets of this political realism had been provided by the strenuous opposition to salaries bulk funding which emerged virtually as soon as the Picot Report had been published. Cross' (2002, p.1) research for the PPTA presented at the 2002 PPTA Annual Conference focused clearly on the habitual distrust that the PPTA had felt toward both the reforms and toward the 'reformers' themselves. The text of the keynote 2002 PPTA Annual Conference speech reiterated the idea that the PPTA had felt always that the late 1980s' reformers “were more interested in imposing market discipline on the school sector” than in sincerely helping the said school sector to succeed. Thus it was claimed that “...the officials who wrote the 1987 Treasury Briefing papers for the incoming Government were more focused on extracting value and efficiency” through the mechanisms of competition and choice, rather than through “empowering communities”. Despite the PPTA's retrospective concession that “David Lange may have been genuine in his intention to empower communities to run schools” (PPTA, 2007, p.2), the feeling at the time was that the Picot Report and *Tomorrow's Schools* (1988) publications were Trojan horses designed to mask an intense New Right educational agenda.

It is also important to note that this later PPTA (2007, p.2) analysis of the period dovetails ironically largely with the American historiographical literature's perspective that New Right educational outcomes had indeed been achieved in the New Zealand context. Thus, commentators from both within and without New Zealand tended to promote the idea that bulk funding represented radical change in practice as well as in theory. It is the contention of this thesis that, for practical reasons, bulk funding was not as radical in practice as both Fiske and Ladd (2000) and the PPTA had contended. Looking back, their views were tinged with retrospective considerations.

The PPTA (2007, pp.1-2) even discerned the signs of radical transformation in the title of the Task Force report, *Administering for Excellence*, which the PPTA felt betrayed its origins in the public sector management theories popular at the time. School authorities were to enter into a new world of mission statements, priorities, objectives, and accountability, all of which would make them more efficient and effective, allegedly. They would be kept achieving at high levels by their 'consumers' who would choose to send their children elsewhere if they were dissatisfied, and who would be kept honest by review and audit agencies whose staff would monitor their performance on a continual basis.

Openshaw (2009, p.107) had noted how in the build-up to the Picot Report's release The Treasury's (1987) briefing papers and, especially, *Government Management*, were to become particularly controversial. Education policy commentators have singled out the briefing papers as being the most important determinants behind the shape and direction of both the Picot Report (1988) and of *Tomorrow's Schools* (1988). The critical second volume of *Government Management* (1987) was devoted completely to education. There was an emphasis on how The Treasury "concerned themselves with the complex issues to which there were no easy answers such as the importance of the educational sector to wider issues of social equity and economic efficiency and the extent of apparent public concern about the public education system" (Openshaw, 2009, p.75).

The Treasury (1987, p.13) cautioned therefore that “substantial elements of current government expenditure are, at best, ineffective when viewed in terms of the equity and efficiency concerns that justify such expenditure.” Therefore it would seem, at least superficially, that the teacher unions as a sector, and their industrial representatives, were justified in having identified The New Zealand Treasury as the strongest influence upon government thinking.

Nevertheless, there was much dilution of economic orthodoxy in The Treasury’s (1987) documents which tends to undercut the American historiographical school’s contention that a wholesale change had taken place. Openshaw (2009, p.122) has noted that in the Picot Report (1988) itself there were concessions - such as “some elements of centralised control being unavoidable for secondary schools, given their pivotal role.” It is noteworthy that these concessions impacted particularly upon the crucial area of teachers’ salaries. The secondary teachers’ salaries system in 1987 involved the PPTA and the Government agency of the Education Service Committee negotiating teachers’ salaries on an annual basis. This arrangement lent the system a degree of stability and predictability.

Openshaw (2009, p.119) also found that the system “... did not distinguish according to areas of need, although this possibility had periodically been advocated.” There was also concern expressed by the Picot Task Force that, while “individual secondary schools possessed some discretion in this regard through being able to allocate a given number of Positions of Responsibility,” that these positions were actually “awarded according to a departmental formula and that, once distributed, they were difficult to take away” (Openshaw, 2009, p.120). So, despite the rhetoric of radical freedom, there were, in essence, restrictions upon school authorities’ freedom to reinterpret salaries radically. When the idea of charters started to be withdrawn from circulation in 1989, other key concepts such as the freeing up of the school authorities’ ability to determine the teachers’ levels of salary also followed suit.

If there was some degree of watering down of pure ideals after the publication of *Tomorrow's Schools* (1988), then this may well have been the result of the storms of protest which greeted the publication of the document. Openshaw (2009, p.140) has focused on "some commentators from within the educational sector" who spearheaded opposition in print. Therefore, "the spectre of a clearly focused campaign in opposition to Picot predicted by Logos [the P.R. consultants' company] now showed every sign of materialising" (Openshaw, 2009, p.141). It was indeed an irony that the fears of a commercial company advising the government had in fact come to pass.

At the same time the PPTA itself had "hardened its attitude", as evidenced by the 1988 Term Three issue of the *PPTA Journal: Special Tomorrow's Schools Edition* which discussed the widespread opposition that was starting to emerge among secondary school teachers. The very fact of the Labour Government's initial acceptance of the Picot Report's recommendations for bulk-funded salaries in the initial drafts of *Tomorrow's Schools* in mid-1988 precipitated a more negative teacher attitude towards reforms and a "much less conciliatory tone" from the PPTA.

In an editorial in the same *PPTA Journal*, Ruth Fry (1988, p.15) had observed scathingly that "to innovate was not to reform." While the overseas precedents of British and Australia teacher salary adjustments "were viewed as having threatened teachers' rights", with the example cited of the New South Wales Education Minister's "draconian reform proposals" having "united students, parents and teachers in Australia's biggest demonstrations since the protests against the Vietnam War of the late 1960s and early 1970s" (Fry, 1988, p.15).

John Codd (1990, p.17) found the haste with which the Picot Report (1988) had been assembled and rushed through to be "alarming". Codd, citing Ivan Snook's (1987) work, noted that despite the need for new empirical research on The Treasury personnel's actual role in the formulation of the Picot Report (1988), it was an indisputable fact that a Treasury official had been "seconded to the Picot

Committee” (Codd, 1990, p.18) as the main Secretary. This was due in large part to his background as a former School Inspector and Departmental official. In addition, The Treasury had released their own documents on education before the Picot Taskforce had even begun writing their own Report officially. Openshaw (2009, p.141) addressed a similarity between the earlier Treasury reports and the eventual Picot Report (1988) as follows: “a key element in addressing equity and efficiency was empowerment through choice and information, for families and individuals as education customers.”

This statement would seem to show that, overall, there was sufficient evidence of major Treasury influence over the Picot Report (1988) as a whole and, in particular, over the push towards salary devolution. Codd (1990, p.19) felt justified in seeing devolution as being “little more than a cynical attempt to concentrate the real power of decision-making at the centre while deflecting public dissatisfaction away from Government” (Codd, 1990, p.20) and, instead, allowing it to be vented at the local level.

Much of the academic literature in education at this time was in accord with the PPTA analysis, and a public resistance campaign was very much in the offering after the publication of *Tomorrow's Schools* (1988) by the Department of Education. One of the key tenets uniting participants was the inherent distrust of the policy of bulk-funding teachers' salaries. Later, the PPTA's (2007, p.2) conference paper which looked back upon the period detected a hollow ring in the Picot Report's (1988) and in the *Tomorrow's Schools'* (1988) endorsed concept of “community empowerment”. The system was meant to have been held together by informal regional structures called Community Education Forums, which were to have input into national educational policy via “an eight person Education Policy Council”. This ill-fated Council has been mentioned earlier in this chapter.

However, as the PPTA (2007, p.3) noted, the Education Policy Council “was never established” and the informal Community Education Forums were not activated. The

Parent Advocacy Council, which was established in early 1989, was disbanded together with “the very moderate form of zoning that the Picot Report (1988) had proposed” by the new Bolger National Government after their election victory in November 1990. The PPTA saw this disbandment as being a “victory for the economic rationalists” (PPTA, 2007, p.3). No longer were parents’ rights to be respected, especially “the right of a child to attend their [sic] nearest school” (PPTA, 2007, p.4), it was claimed. School authorities, rather, were entrusted with designing their own enrolment schemes “which in practice had them cherry-picking students according to academic, cultural and sporting criteria” (PPTA, 2007, p.5). Teachers, in order to be rewarded with appropriately generous salary packages, had to be as valuable to their schools as these aforementioned ‘star students’. The PPTA (2007, p.5) also noted sourly that teacher registration had been shelved in late 1990, too, because the new National Government feared that it would “interfere with the operation of the market.”

The PPTA at that time had suspected that with teachers now to be paid at ‘market rates’, distortions at either the higher or, frequently, at the very lower end of the salary spectrum would occur inevitably. Wylie (2007, p.10) deduced retrospectively that with regard to teachers’ salaries “the sum total [would be] an education system devolved to an extent not replicated anywhere else in the world – either then or now.” This assertion shows an interesting degree of concurrence with contemporary scholarly opinion. However, research for the present thesis indicates that salaries did not evolve in this fully radical way within the New Zealand context. As previously noted, the then Minister of Education, Phil Goff, had called a moratorium on the imposition of bulk-funded teachers’ salaries as early as April 1990.

In addition, teacher salaries were identified as being the factor that defined most clearly the uniqueness of the New Zealand practice. Wylie (2007, p.11), to this end, contended that the “benign sounding parental and professional partnership that was to run schools was a front for fully bulk funded competing units which were reliant on attracting customers to survive.” Certainly, this was the language used at the time as

Openshaw (2009, p.142) had pointed out with reference to The Treasury Briefing Papers in 1987 which was adopted without demur by many educational officials then so eagerly. Wylie (2007, p.11) went on to explain that the reasons for these views implied that ‘customers’ might demand the services of certain, more ‘popular’, teachers, many of whom might need to be paid at a higher rate. Thus, there were to be ‘winners’ and ‘losers’ in such a system, a process that Wylie had felt had taken place historically.

Wylie believed strongly that the education system in New Zealand in the 1990s had been bedevilled by problems following the jettisoning of strict requirements for teacher registration in 1990. As she put it,

...Teacher registration was considered unnecessary as it would interfere with the operation of the market. Principals did not need an educational background because generic management skills were all that were required. Teachers and Principals were both to be appointed on fixed-term contracts” (Wylie, 2007, p.11)

Teachers and Principals were to be paid according to the results of their performance “... based on the number of students attracted to the school or to a particular course. Costs were to be driven down over time by a single salary and operations bulk fund” (Wylie, 2007, p.12). This single fund idea had been mooted since at least the mid-1980s, but it was impracticable to implement the single grant politically so that the bulk grant ended up being bisected – divided between operations and teacher salaries’ grants.

There is some merit, therefore, in Wylie’s contention that both the Picot Report (1988) and *Tomorrow’s Schools* (1988) set a tone for a degree of ideological purity and that this 1987 to 1989 period was indeed a heady time for the proponents of bulk funding. An era of ideological orthodoxy in policy making was expected to occur. However, as Wylie (2007, p.2) had acknowledged earlier, the operation of bulk funding in practice signified generally that “ideological principles were

abandoned in favour of more pragmatic approaches” for several practical examples over this period.

It is my contention, however, that these “pragmatic approaches” that Wylie (2007) identifies are the key to deciphering the history of bulk funding as an educational policy. What can be termed ‘strategic pragmatism’ trumped ideological considerations when it came to the actual administering of policy. Bulk funding of teachers’ salaries, in fact, proved to be tricky to administer in many schools in practice. One point that Wylie (2007) did not emphasise was that the compromises that resulted eventually in the voluntary bulk-funded teachers’ salaries scheme in 1992 had their origins during this 1987 to 1989 period.

It could even be argued that the Picot Report (1988) and the *Tomorrow’s Schools* (1988) documents approached the subject of salaries’ bulk funding somewhat tentatively. The politicians soon found that they were presented with ample reasons to pull back from salaries’ bulk funding. A unitary bulk-funding scheme was not going to be possible in such an atmosphere. Even in 1987 it was likely that bulk funding would be split into two component parts, which became the Operations and Salaries Grants defined in 1988 and 1989 respectively. It was expedient politically to defer the most difficult side of the equation, namely salaries’ bulk funding, until a later date when sufficient time would have elapsed. It was argued that boards of trustees and school management teams would have got used to a bulk-funded system by then. This growing familiarity could be seen to form the basis of the thinking behind the Goff moratorium on the Salaries Grant in April 1990.

The PPTA (2007, p.4) recalled how in 1988 they had questioned “the cornerstone of *Tomorrow’s Schools* (1988),” namely the idea that “once freed from bureaucratic constraints and able to make their own decisions, schools would successfully promote the interests of the consumers of education.” The 2007 Conference speech reiterated the PPTA’s (2007, p.4) perennial doubts as to the latter point, stating that

... The idea that Boards might need more deliberate support and guidance to achieve this end was largely absent from the Picot Report. Drawing on public choice theory that saw humans as self-interested, the Picot Report confidently predicted that putting full trust in the competence of individuals would encourage the development of initiative, independence, personal responsibility and entrepreneurial abilities among the teaching profession.

The PPTA, as a pre-eminent teacher union, made it clear yet again in 2007 that they had never believed in the ideology underpinning bulk funding in practice.

The blueprint for the future that the Picot Report (1988) and *Tomorrow's Schools* (1988) had promoted focused on an axiology of economic development with an emphasis upon 'consumers', 'inputs', and 'outcomes'. These were economic terms that were being imported into the educational sector and were used as justifications for change. Among certain school authorities and their teaching staff, it would have raised expectations of the eventual freeing up of teachers' salary rates. The irony was that despite the Lange and Picot-led emphasis on social welfare outcomes, an emphasis which the PPTA found to be sincere on the whole, the language and philosophy of the economic rationalism underpinning bulk funding militated against social welfare outcomes in practice.

No doubt The Treasury-seconded secretariat members of the Picot Task Force would have been keen to promote economic rationalism but the net result would have been a reduction in egalitarian outcomes. The PPTA (2007, p.5) report highlighted the trend that "...In practice, the application of market principles in schools had not so much encouraged individuality but [had] produced a rigid consumer-driven conservatism." This trend was evident immediately following the Picot Report, and it is noteworthy that an earlier PPTA Annual Report (1988) had also predicted that traditional single-sex schools would become strengthened and their teaching staff would be paid more on average than other teachers. The Munro Report (1989, p.30), by way of contrast, had argued earlier that The Treasury's

variety of case studies were, in fact, too highly selective. Munro (1989, pp.33-35) felt able therefore to justify his conclusion regarding the negative impact of bulk funding upon educational outcomes in the State of Minnesota.

It is apparent that at the time there was contestation in terms of the validity of the Picot Report's (1988) and *Tomorrow's Schools'* (1988) models. It was by no means evident that any degree of a successful outcome could be obtained by means of implementing salaries' bulk funding. Hence caution was shown by many politicians during this period when it came to drawing up action plans for delivering bulk-funding educational policy. Owing to the fact that the results from international experiences with bulk-funding teachers' salaries were so mixed, the New Zealand educational authorities were instructed to proceed in a deliberative, reflective, manner rather than quickly.

Openshaw (2009, p.102) has pointed out that the Picot Report had been assembled with great haste from the first meetings in late July 1987, with the full report being planned for release by the end of March 1988. It was agreed early on "that the ensuing report would be a policy document rather than a discussion document." Maurice Gianotti, a senior Education Officer in the Department of Education in Wellington, was asked to draw up a list of "interested organisations" who would be asked to comment upon and to debate the "general principles" that would have been "enunciated by the taskforce". The overarching principle that was being followed was summed up by Picot later as involving a "blank page approach" which was deemed necessary "because the difficulties inherent in trying to massage an outdated and inappropriate 110 year-old system into shape was simply too great to meet present and future demands" (Department of Education file, 1988, p.22).

The teacher salary issue and the possibility of bulk-funding teachers' salaries also moved to the forefront from an early date. Brian Picot himself was often inspired by his personal experiences of meeting brilliant and innovative young teachers who were being stifled by bureaucratic red tape. For example, Picot had reportedly been

outraged about the large extent to which the 'current education system' punished excellent teachers while protecting the less able. This criticism was also noted as being consistent with the conclusions of the Scott Report (1987) which had focused on the need to improve teaching standards in order to improve students' results.

Openshaw (2009, p.104) also quoted Gianotti's experience of the Task Force's official fact-finding visit to the Wairarapa:

We went to a little school ... on the outskirts of Carterton where people, because of the (very good) young teacher who was there ... people were bringing their kids from the far side of Carterton carpooling ... the school had gone to a three-teacher one. It now had to be advertised and the job was filled by somebody from a 4 or 5 teacher school where the roll had dropped and was now entitled to a 3 teacher. The fellow ... who had built it up had to go.

Adding weight to the intense personal experiences was what Openshaw (2009, p.104) has termed "the intense awareness among Task Force members concerning the general direction of existing critical comment on the system." Staffing concerns were, likewise, to the forefront; for example, Recommendation 8.10 of the Nordmeyer Committee Report (1986) had been "appended to the agenda of the initial Task Force meeting" (Openshaw, 2009, p.105). This recommendation had "argued that secondary school Boards of Governors should retain power to appoint staff", while Recommendation 8.11 "had suggested that in the primary sector each school committee should more closely participate in the appointment of staff and in the case of the principal, should through its chairman have a voice wherever possible on the Board's appointment committee" (Openshaw, 2009, p.105).

The Picot Task Force had stated that creative, energetic, young teachers - such as the young Carterton professional whose teaching they had witnessed at first hand - should have been rewarded more by the system while the proverbial 'dead wood' teachers should have been weeded out. It could be surmised readily that their

experiences with New Zealand teaching practice and problems at the time, however tangential they might have been (and this is the problem with a flying visit), had influenced their tendency to want to insist upon a policy for the freeing up of teachers' salaries and for control being vested in the local school's authority.

Openshaw (2009, p.105) also suggested that the Picot Task Force had, as a whole, "decided on radical reform without much Treasury and SSC prompting." It must be remembered, though, that The Treasury had representatives on the Task Force, so there was not much need for explicit prompting. These Treasury officials were a part of the operation already. The Picot Task Force's initial meeting on 31 July 1987 had established, for example, one clear principle to guide the future development of teacher salary structures. It was, in fact, the sixth out of eight agreed points:

...school managing bodies and district authorities, if they are required, should have the maximum possible authority to carry out their functions. They should be given cash grants and required only to provide minimum levels and standards of, for example, staffing, accommodation, salaries and equipment.
(Picot Committee minutes, 1987, p.4).

This pivotal point would seem to corroborate the PPTA's and other educational parties' fears that baseline teachers' salaries could have been kept at the minimum level despite incentives for 'star' teacher performers, such as presumably the Carterton primary teacher that the Task Force had lionised in such detail.

This radical thrust was tempered at the Picot Committee's second meeting on 17 August 1987, however, where the members debated the potential benefits and drawbacks of devolving authority. It was resolved that the devolution of authority for education administration "could make the system more flexible and responsive, but that there would also have to be controls specifically designed to overcome capricious or arbitrary action on the part of newly created bodies" (Picot Committee minutes, 1987, p.3). Presumably this statement recognised that the bar for teachers'

salaries could not be set at either an arbitrarily high or a low level. The PPTA and other interested parties within education were cautioning that newly-minted boards had members who had little experience in determining the levels of, setting up, or of paying salaries. It was argued that the inexperience of board members could lead potentially to 'capricious and arbitrary' decision making, particularly with regard to salaries.

At this juncture in 1987 the Picot Task Force was, in many ways, wrestling with a central theme of this thesis, namely that of central versus local control of education. The Committee Members could be seen as having done their level best to delineate the parameters of these forms of control. As Openshaw (2009, p.105) put it:

In many ways the ensuing discussion centred on the existing tensions between central and local control that had been so astutely anticipated by Leicester Webb in advocating further devolution almost exactly fifty years before. For instance, Task Force members quickly identified the competing interests likely to be present in any devolved system.

As has been pointed out throughout this thesis thus far, this recurrent tension between the centre and the localities in terms of administering education in New Zealand is a perennial theme of New Zealand educational history.

The freedom of New Zealand school authorities to pay their own teachers' salaries had emerged in the nineteenth century. However, it was going to require an act of political will to bring salaries' bulk funding back into practice. The Goff moratorium on the Salaries Grant in April 1990 showed the possibility that new political blood was needed to give bulk funding the necessary boost. One precursor to success was that there needed to be a senior politician with an intense interest in bulk funding to agitate for its introduction. Luckily, or unluckily as the case may be, there was just such a politician, Dr. Lockwood Smith, waiting in the wings. His pivotal role will be examined in detail in Chapter Seven.

CHAPTER SEVEN

A STATE OF SIEGE: 1989 – 1991

Pompa's (1971, p.39) research examined practical repercussions for hotly-contested policies, in particular exploring how contentious policies could engender a state of political paralysis owing to the deep nature of the controversy that they evoked and provoked. On balance, this would appear to be a fair assessment of the bulk funding of teachers' salaries as an educational policy. Even before its adoption in practice in 1992 bulk funding had attracted polarised reactions which, in turn, changed its very nature as a policy.

These changes were most evident in the decision that the former Minister of Education, Dr. Lockwood Smith, had commented upon wryly during his interview in July 2011 (Smith Interview, 2011 p. liii). Dr. Smith had made it clear that it was the political pressures from without which were responsible for the 'mistaken decision' he took to make the bulk-funding system voluntary. School authorities were then to choose to opt into the system, rather than being required to adopt the bulk funding of teachers' salaries on a compulsory basis.

As shown previously, the Picot Task Force had contended with vexed questions such as whether to institute the bulk funding of teachers' salaries and other bulk funding related issues. In the end, they decided to recommend comprehensive radical reform, especially in their recommendation that the bulk funding of teachers' salaries should proceed. However, they largely left it up to the New Zealand government itself to wrestle with the mechanics of the implementation of salary bulk funding. The government issued a more cautious official response to the Picot Report (1988), especially with regard to the bulk funding of salaries under *Tomorrow's Schools* (1988), as indeed, the Picot Task Force knew they were supposed to promote, given the previous recommendation to introduce bulk funding made by The Treasury (1987). It was not so much that the Picot Task Force was

constitutionally bound to act but, the force of the recommendations had carried some weight in terms of their decision-making.

There was one final irony here, namely that the attempt to move towards localisation definitively was to remain in the province of the central government to both determine and implement. Thus the centre was in charge of deciding how far to proceed with localisation, and at what pace. This had been a contemporaneous complaint from the PPTA (1989), and one which they had echoed in their analysis (2007) nearly twenty years later. In short, the PPTA thesis was that this radical change had in fact been imposed vertically - from the top down. In the PPTA's view, there had been little horizontal pressure emanating from school authorities and from localities. The bulk funding of teachers' salaries was, therefore, according to the PPTA, a vertically-imposed artificial construct.

Again, as I indicated previously, the PPTA focussed on the fact that it was the central government itself that was reversing nigh on a century's worth of the development of what Fiske and Ladd (2000, p.5) had dubbed "the world's most tightly controlled public education system". Instead, it had imposed by dint of a central decision the type of nineteenth century laissez-faire educational system that this thesis examined in Chapter Three; one which the Liberal Government of the 1890s and early 1900s had been very keen to replace with the centralised system they themselves were to enact in the early 1900s.

In the view of the PPTA and the NZEI, who were directly concerned with education, the Picot Task Force worshipped at the shrine of economic neoliberalism and, by agreeing with The Treasury Reports (1987), had prepared the stage for the ascendancy of the New Right. In the opinion of the PPTA the then Labour Government, in their *Tomorrow's Schools* (1988) reply, had also subscribed to this version of New Right philosophy.

There was a strong suspicion on the part of the two teacher unions that the idea of bulk-funding teachers' salaries was an absolutely critical component of the Government's drive to save funds for themselves as the 'owners' of the public education system. The teacher unions were also alert to the possibility of the new system's potential ability to set "minimum levels of salaries and staffing" as the sixth agreed point of the Picot Task Force's 31 July 1987 meeting had called for (Picot Committee minutes, 1987, p.3). This was, naturally, seen as being a very dangerous development. The unions then grasped the implications of bulk funding fully and started preparing extensive and sophisticated campaigns against the policy between 1989 and 1991.

That is why in certain respects the Picot Report (1988) has been seen to represent a dangerous precedent. Clearly, one pivotal point with regards to the Picot Report's (1988) presaging of this uncertain educational future was the historical context of the transformation of the government bureaucracy that, as Openshaw (2009, p.91) has pointed out, was pervasive in the New Zealand political culture of the 1980s. In the educational context, the predictions that were expressed more frequently were that conflict would increase and that conflict would drive the direction of future educational changes. This was seen as being relevant by the time of the 1990 general election particularly.

Openshaw (2009, p.91) had noticed that there had been a history of challenging bureaucratic orthodoxy in New Zealand in the 1980s, starting with the Mahon Commission's questioning of the New Zealand Police's part in Air New Zealand's "orchestrated litany of lies." Openshaw claimed that a precedent had been established "... whereby politicians appealed directly over the heads of the permanent public service ... to a wider reading public." The practical problem was that there were precedents for challenging authority which was relevant for the 1990s period when bulk funding was introduced into schools in practice. Furthermore, the teacher unions were not going to be cowed into accepting bulk

funding simply on the basis of the National Government's and the Ministry of Education's advocacy of the policy.

The same historical process was seen as having been in evidence during the New Zealand Defence Review of 1985 which was chaired by the future Prime Minister, Helen Clark. In addition the Commission of Inquiry, chaired by future Governor General, Silvia Cartwright, appointed in June 1987 following the furore over the cervical cancer experiments at the National Women's Hospital in Auckland, which had been exposed in *Metro Magazine* (June 1987, p.54) by researchers Sandra Coney and Phillida Bunkle, was seen as epitomising this type of challenge.

Therefore, Openshaw (2009, p.92) was well-justified in perceiving these controversies to be forerunners for the educational bureaucratic reforms of the 1990s in terms of "rhetoric ... and proposed solutions" for the challenges faced by the New Zealand educational system, which this thesis has noted were passed over for immediate action in previous reviews. The Gibbs Report (1987) into the Health Sector also provided a template for the Picot Report (1988) which had been released in the following year. In point of fact, prominent businessman Allan Gibbs had been the preferred choice of the then Minister of Finance, Roger Douglas, to head up the Educational Task Force.

However, the Prime Minister and soon to be Minister of Education, David Lange, had found that proposal to be anathema to him as Pope (2011, p.248) has made clear. Lange instead opted for businessman Brian Picot, who had concerns for social equity since his days in the supermarket trade. Pope (2011, pp.249-50) has sketched out how Lange, at that time, was withdrawing already from the Douglas-led neoliberal economic clique and was poised to announce the famous "breather and ... time for a cuppa" political volte face of 1988.

The Gibbs' Report blueprint for the Picot Task Force's written up findings focused on identifying first a list of perceived problems and thereafter engaging with proposed

solutions. Naturally, the solutions that were borrowed from the language of business employed the lexicon of profits and losses. Both Commissions of Inquiry and both reports also subcontracted out research work to private firms, requiring them to adhere to a brief of “examining the efficiency of the Government sector” (Gibbs’ Report, 1987, p.68) in terms of both Health in 1986 and 1987, and Education in 1987 and 1988.

Openshaw (2009, p.93) has also noted the extent to which the Picot Report (1988) echoed “the language, the concepts and the solutions advanced by the Scott Committee”, which had been set up under the auspices of the Education and Science Select Committee in November 1985 under the chairpersonship of the Member of Parliament for Tongariro, Noel Scott. This earlier report had also stressed “accountability” and had given vent to the feeling of great disquiet that existed at the time about students, particularly Maori and Polynesian students, “leaving school unqualified and alienated by failure” (Scott Report, 1987, p.11).

The Department of Education’s 1987 Curriculum Review and the Scott Report (1987) had each focused on the perceived failures of the school system. The Picot Report (1988) and *Tomorrow’s Schools* (1988) both started by reiterating this orchestrated litany of educational failures in New Zealand and then used it as a springboard to make the case for radical reform. The failure in the educational system thus constituted a *raison d’être* for new policies such as the bulk funding of teachers’ salaries to be introduced.

Openshaw (2009, p.93) has also cited the inclusion, on the Scott Committee, of “multiparty representation that included National’s then Spokesperson for Education, Ruth Richardson, clearly signalling that radical reforms were on the agenda”. Yet the overall sweep of this chapter and the preceding chapter of this thesis demonstrate that despite a robust rhetoric of reform, the reality of reform was, in fact, rather more limited. If we return to the point exemplified by the claims advanced by members of the American historiographical school, such as Fiske and Ladd (2000, p.3) who

claimed that the New Zealand reforms were the most radical in the world at that time, it can be seen that there were definite limits in fact to the actual radicalism of the reforms that could be undertaken and implemented in practice.

Key provisos such as the bulk funding of teachers' salaries were viewed frequently as 'a step too far', not just by opponents such as the teacher unions but also by elements within Government itself such as the then more 'left wing' Labour Members of Parliament like Trevor Mallard who was representing Hamilton West during the 1987-1990 period. The strength of opposition, as shown in the previous chapter's example of the Munro Report (1989), cannot be underestimated. By the start of the 1990s, buoyed by the ballast of this type of research plus other academic and political critiques, opposition to bulk funding was starting to reach a critical mass. In the contemporaneous example of the United Kingdom, the Thatcher Government had been obliged to back down from changes to teachers' salary regimes, as noted in earlier chapters. It would remain to be seen if the Lange-Palmer Government would also be subjected to a process of 'turning'.

It is important to note that the government in New Zealand changed in November 1990 and that the new National Government committed itself to introducing further 'innovations'. For example, the new Minister of Finance, Ruth Richardson, as quoted in the *New Zealand Herald* (6 March 1991), promised that education would be in for an "overhaul in the forthcoming Budget."

When the July 1991 Budget was presented, the Press Gallery were quick to note that the then relatively new Minister of Education, Dr. Lockwood Smith, had attached an education policy document, entitled *Investing in People – Our Greatest Asset* (1991, p.1), to the fiscal educational provisions. This attachment spelled out that "schools will soon be able to opt into a voluntary scheme to start on a trial basis in 1992." The voluntary scheme that was referred to elliptically pertained actually to the bulk funding of teachers' salaries, the more difficult second stage of the bulk-funding equation that had been deferred by former Minister of Education, Phil Goff, in April

1990. The Goff moratorium had been viewed by the then Prime Minister Geoffrey Palmer as an important component of managing educational policy with a degree of political sophistication.

The new National Government decided early on to ease Goff's moratorium. Bulk funding of teachers' salaries was now to be implemented and, preferably, as quickly as possible given the upfront nature of the Budget's statement about the government's definite intention to introduce bulk funding in the next fiscal year. After the election of the National Government in November 1990 the bulk funding issue was given priority by the Minister, Dr. Smith, who had pressed his colleagues hard for its inclusion and incorporation into the 1991 budget document.

The PPTA was one of the first national education interest groups to react to the Government's 'surprise' announcement of the salaries bulk funding policy's priority status in the 1991 Budget. The wisdom of Dr. Smith's having included financial incentives or "sweeteners", as the PPTA had labelled them somewhat derisively, was contested strongly. The PPTA and other educational interest groups, such as Jack Shallcrass' Committee for Secular Education, viewed these sweeteners as being tantamount to bribes and as something inappropriate to be attached to proposed bulk-funding packages being prepared as part of a series of information packs for schools. The preparation of these information packs occurred against the backdrop of potential industrial action. There was already an atmosphere of resistance which served to inflate the degree of controversy surrounding the policy of the bulk funding of teachers' salaries, as has been seen in the preceding chapter.

Graye Shattky, the then President of the School Trustees' Association, had felt obliged to issue a statement on 3 March 1991 advising all boards of trustees "to remain neutral" with regards to the "escalating dispute" between the Government and the teacher unions over salaries' bulk funding. When interviewed, Shattky (Shattky interview, 2011, p. xlix) declared: "I didn't want to see Boards getting caught up in too much industrial turmoil."

The primary source material of the State Services Commission's 1991 files contain examples to illustrate that there was a great deal of emphasis upon industrial relations in the sense that the radical reform-minded public service, which had been transformed after seven years of Roger Douglas' 'Rogernomics revolution', was anxious to extend those reforms to the teaching service. The economic rationalists in government, such as Minister of Finance Ruth Richardson and Minister of Social Welfare Jenny Shipley, who had wanted further cost-cutting, viewed the bulk funding of teachers' salaries as a very necessary complement to Bill Birch's Employment Contracts Act of 1991 which had promoted labour flexibility by reducing benefits attached to salaries and by weakening union influence.

This type of movement, naturally, went against the grain of the early twentieth century Acts and was contrary to the Beeby-Fraser educational consensus of the mid-twentieth century. It was doubtful that the education sector unions were going to be as submissive as other sector unions had been obliged to be, the Hotel Workers Union, for instance, having been legislated against in 1991. Carpinter's (1991, p. 2) position paper, prepared for the State Services Commission, had argued that "the reviews on teacher-pupil ratios, small schools and teacher surplus provisions have identified the potential for major savings to be made by changing staffing policies." The paper reserved most of its criticism for the February 1991 position paper from the Minister of Education which did not, in the State Service Commission's view:

...address how the costs of current staffing ratios, small schools and teacher surplus schemes are to be reduced. Instead it appears to assume status quo policies will prevail and has not identified savings which could compensate for the transaction costs of implementing bulk funding.

It is clear that this fundamental savings issue was indeed the key one for the State Services Commission and its then Minister, Bill Birch. There was also a complementary theme of 'efficiency' that Carpinter stressed several times in his 1991 paper. His complaint was that in New Zealand schools, "staffing policies are

determined by mechanistic formulae. The central agencies are not designed to monitor or enforce the centrally determined policies". Carpinter concluded that the State Services Commission's investigations into the causes of the 1990 education budget's \$85 million blow-outs "raise serious doubts about the value of the Ministry's budgetary positions and the integrity of the school sector payments made on behalf of the Crown."

In Carpinter's (1991, p.18) conclusion a strong argument was being advanced, namely that further financial reform and devolution to the localities should take place. The rationale was that the localities would be better placed to implement centrally determined policies efficiently. There was an evident distrust of the role of the Ministry of Education which is reminiscent of the irony inherent in Gordon's (1991, p.30) analysis, whereby she felt that her research had shown the State "accumulating more control" whilst ostensibly divesting itself of power which it then purported to give to the localities. Carpinter's (1991, p.3) paper showed that the State Services Commission was also worried that the Government was leaving itself "vulnerable" - owing to the fact that "employer/management responsibilities have been devolved to Boards of Trustees, without the financial reforms having been completed."

There was, moreover, a link to the pending Employment Contracts Act of 1991, with Carpinter (1991, p.4) arguing that "the implementation of bulk funding cannot be considered in isolation from ... industrial matters." The Ministry of Education's earlier position paper on the Bulk Funding of Teachers' Salaries (1991, p.25) had suggested that "industrial changes are needed to implement certain approaches to bulk funding." Carpinter (1991, p.9) had said in the State Services Commission (SSC) papers that the SSC and its Minister Bill Birch had not wanted to "debate ... that point", but had sought to point out that "those industrial changes would require bulk funding to operate effectively. Hence, the implementation [of bulk funding for salaries] would have to be integrated with the timing and nature of award settlements."

Both Carpinter's (1991) summation and the Ministry of Education's (1991, p.25) position paper foresaw an eventual end to the "mechanistic", centrally-determined, teacher salary formulae and the welcome arrival of much greater "industrial flexibility" in terms of both hiring teachers and determining their salary rates. The significance of these historical developments is that the documents show that the bulk-funding policy was part and parcel of a whole series of economic and political reforms. Carpinter's (1991) comments, and especially the Ministry of Education's position paper (1991), regarded bulk funding as an integral link in an interconnected chain of reform.

They also underscore the argument presented in this chapter that the July 1991 *Budget Statement on Education* (Hansard, 1991, p.1) did indeed signal that bulk funding was henceforth to be a major priority for the New Zealand Government. It may have been one policy only in a whole series of major structural reforms but, nevertheless, it held a significant position within that hierarchy of major policy changes.

The flurry of activity contained in the State Services Commission files incorporated directly under the umbrella heading of the 'Bulk Funding of Teacher Salaries' highlights the amount of preparatory work that went into the Budget and that had resulted in the eventual Budget Statement about bulk funding being attached to the 1991 budget. For example, there was the following comment: "the Budget Statement will need to make it clear that bulk funding will be in operation in 1992" (1991, p.3). Carpinter (1991, p.9) summarised the debate over the voluntary 'opting in' scheme that was promoted eventually by the 1991 Budget and adopted for delivery in the 1992 fiscal year. The Ministry of Education, Carpinter noted, had favoured a first option "which has a direct funding of schools based on existing staffing allocations for the year, that is to say the status quo, except that there would be flexibility to redirect funds between teacher salaries and operational expenditures" (1991, p.10). Furthermore, Carpinter (1991, p.11) pointed out that The Treasury "has previously

supported [this option] but on a compulsory basis, since it seems [to provide] the least risk in terms of implementation and fiscal neutrality.”

The Treasury (1991, p. 7), in their own position paper, preferred an alternative option of providing “funding relating to student rolls, with ‘certain minimum requirements’ for the staffing profile.” However, what was most clear was that the ‘voluntary opting-in’ system was to be a definite precursor to full bulk funding being introduced across the board for all New Zealand schools. To this end The Treasury (1991, p.8) said: “The voluntary system should eventually be replaced in full by bulk funding in all schools.” The then Minister for State Services, Bill Birch, (1991, p.1) even issued a Memorandum for the Cabinet Strategy Committee on 22 May 1991 which referred ominously to “bedded-in resistance” by union groups which had put pressure on boards of trustees and which had delayed the reforms in the past. To avoid such delays in the future, the Minister recommended “quick and timely” implementation of the bulk-funding policy for teachers’ salaries “so that resistance will have little time to bed-in.” This strategy was very much consonant with the earlier Roger Douglas strategy of rapid economic reforms throughout the 1980s.

Such official comments in the documentary record tend to lend credence to Gordon’s (1991) conclusion that ‘successful’ resistance on the part of teacher unions had hindered the quick implementation of the policy. Indeed, Carpinter’s (1991, p.8) letter to his Minister, Bill Birch, on 14 May 1991 had questioned “[the] effectiveness of the ‘voluntary’ approach.” His objections were summarised as follows: “... [on the one hand] the major objective of a voluntary opting-in approach is to prove that self-management can work in schools, and to break down resistance to its implementation across the board. On the other hand, it has to be recognised that this is the first step and it may not be easy to move from a voluntary approach to one based on compulsion.”

Apart from these doubts, Carpinter (1991, p.18) stressed in the following extract the need to make savings: “... there are likely to be additional costs involved in winning

support from all schools, and it may be more difficult to make offsetting savings than has been assumed to date, given the overall objective of making the opting-in process fiscally neutral.” These types of objections had led the State Services Commission to re-evaluate its support for the first option available to it of providing direct bulk funding based on the existing staffing levels. Carpinter (1991, p.18) noted that the Commission had instead “... on balance, supported the Treasury’s preferred option of funding being related to student rolls.” The letter concluded with the statement: “... but we are concerned about some of the fiscal and implementation risks involved. We feel that savings over and above the \$40 million already identified will be required.”

Once again, the prospect of an incipient fiscal crisis was reiterated and the paramount importance of making savings in government expenditure was stressed. An even more significant trend which emerged from the official papers, though, was a sense of interaction among the participants. There was a definite feeling of urgency among some National Government Members of Parliament and public service officials in the first half of 1991 that bulk funding needed to be implemented as soon as possible. Yet the degree of ongoing resistance on the part of teacher unions and other interest groups had been such that compromises which led to a more gradual planned introduction of bulk funding were settled upon. Such developments determined a rather ad hoc, partial, pattern of implementation that had been noticed in case studies about the introduction of bulk funding into New Zealand schools, such as my own (2000) survey of two North Island primary schools.

Much of this ad hoc development can be traced to these political decisions in 1991, as examined in this chapter. The decisions themselves were the result of layers of complex interactions, such as Minister Birch’s and the SSC’s accepting uncritically The Treasury’s recommendations to hasten the implementation of bulk funding. This passivity in the Government’s approach tends to provide evidence for the earlier hypothesis that the government was always going to need to offer incentives for

school authorities to join the bulk funding scheme 'voluntarily'. The SSC's nervousness about additional government expenditures, as revealed in the 1991 SSC files, would seem to indicate that savings ratios could be disrupted and indeed jeopardised by any need to shell out money in order to provide 'sweeteners' for the new bulk-funding policy. As the SSC (1991, p.8) put it, "We would not wish to see significant additional expenditures simply to secure bulk funding."

Birch's memorandum of 14 May 1991 summarised this concern:

There could be additional costs involved in winning support from all schools, and it may be more difficult to make offsetting savings than has been assumed to date, given the objective of making the opting-in process fiscally neutral. This depend to a large extent on the timing of the compulsion phase which should really occur after most schools have already voluntarily opted in (1991, p.15).

By 14 June 1991, the Assistant State Services Commissioner, Doug Martin, was reporting on some of the initial teething problems that had struck the planned implementation of the bulk-funding scheme. He asserted for example that: "the present arrangement of giving the Boards of Trustees the employer's powers without being responsible for the cost of their decisions as employers, is untenable. Consequently the Government needs to maintain the momentum of administrative reforms in the school sector" (1991, p.16).

Martin also commented on the results of the Commission's canvassing of the opinions of New Zealand primary and secondary school principals. As a result of this consultation, he concluded that the State Services Commission would be obliged to "re-evaluate the basis of its support for the Treasury funding option based on school rolls." Martin also foresaw a potential political problem which might lie ahead, in that "... the sources identified for savings to pay the extra cost of bulk funding are in contentious areas [such as low socio-economic status areas] and will affect over one

thousand schools – many of which are small and rural and [who] will not be wishing to opt in.”

This correspondence is significant because it shows that the National Government’s own advisers felt that the Minister’s approach as summarised in his 1991 position paper might disadvantage some schools by adopting a ‘rob Peter to pay Paul’ strategy. It also seems noteworthy that the Government needed evidently more money in order to administer the new bulk-funding policy. As has been seen already, there needed to be incentives or ‘sweeteners’ in order to entice school authorities to actually volunteer. This arrangement had led to extra administrative costs which, in turn, had to be offset from elsewhere. Martin’s letter of 14 June 1991 to the Minister had concluded, later on “... that only about thirty schools will currently be volunteering to opt in, which raises questions over the usefulness of the entire voluntary approach” (1991, p.18).

It is evident that in order to get more than thirty schools to opt in at that stage the incentives needed to be more attractive, which they were eventually after a ‘re-tooling’ of the bulk-funding incentives’ policy was undertaken in 1994. The other significant point was that small, disadvantaged, rural schools, many of which were struggling already prior to the reforms, did not reap any particular rewards or benefits from the new dispensation of bulk-funded teacher salary regimes.

The official SSC response to the Ministry of Education’s early June 1991 position paper was released after a short period of time on 11 June 1991. It suggested quite a high degree of collaboration between the SSC and the Department of Education. There were concerns expressed regarding the Ministry of Education’s “identification of high profile contentious areas [such as the Global Studies of Childhood (GSC) scheme] as the source for savings” (1991, p.21). The Commission felt that both the Government and the Ministry of Education were making “life difficult for themselves by targeting these kinds of areas in the Ministry of Education’s education reviews, and that significant savings could be more easily generated by quietly looking at

some marginal items (e.g.; discretionary staffing policies, relievers' budgets and the like)" (1991, p.22). The Commission recommended that "given the likely costs ... that these items be utilised in paying for bulk funding", adding pointedly that "this would certainly be a less controversial approach" (1991, p.23).

The SSC had shown a concern to protect the bulk-funding policy when recommending that "savings to pay for bulk funding should be separated out from the current review topics" (1991, p.23). The Commission was hopeful overall that this separation would "(i) avoid the impression that bulk funding is about cost cutting; (ii) preserve the Government's ability to make budgetary decisions independently of the funding mechanism, and (iii) confine any debate over bulk funding to the merits of self-managing schools" (1991, p.24). The Commission, rather optimistically, perhaps, concluded that it was important that "the emotional arguments over changes to education policy resulting from the Government's fiscal objectives will remain separate from bulk funding (itself)" (1991, p.24).

What this documentation shows, in particular, was that the National Government and its officials often perceived a need to sell the bulk-funding policy via some manner of public relations campaign at this stage of the proceedings. Furthermore, it was evident that the National Government had anticipated resistance and so was devising strategies consciously to neutralise resistance. The SSC's June 1991 Report had mentioned explicitly the factor of "[the] considerable thought that needs to be given to the implementation strategy, in particular to the public relations and public information approach" (1991, p.4). Because the bulk funding policy was scheduled to be unveiled as a priority in the 1991 Budget, it was obviously something considered as worth protecting and worth advancing by the SSC.

Apart from the aforementioned public relations campaigns, the co-option of other groups to promote bulk funding emerged as an important weapon in the officials' arsenals. Carpinter's later letter to the Minister on 12 July 1991 outlined an explicit role for the School Trustees Association (STA). Carpinter proposed that the State

Services Minister should recommend to the Ministry of Education “that the STA’s contract for services with the Ministry be renegotiated with the Minister of Education so that its primary role for the 1992/1993 fiscal years [would be] ... to recruit transition co-ordinators who will be asked to assist schools in managing change and achieving the Government’s plans” (1991, p.18). Carpinter also noted that Brother Pat Lynch, the then President of the School Principals’ Association of New Zealand (SPANZ), had held discussions with SSC officials already and that as a result of this consultation Lynch had now “estimated that possibly as many as 4,090 ... Principals are now supportive of bulk funding” (1991, p.18). It has to be noted that this came at a time when there were 20,000 schools in total according to the Ministry of Education (1991, p.1).

This estimation made it into the official SSC response to the Ministry of Education’s paper, issued on 11 June 1991. Therefore, it can be seen that the participants’ interrelationships took on a certain partnership dimension during this 1991 preparatory period. A number of principals (up to 4,090 of them), for whatever reasons, were prepared to support the government’s bulk-funding plans at this juncture. However, with regard to the teachers, it was an entirely different story.

It could be assumed therefore that the National Government and its bureaucratic servants had taken the initiative of co-opting corporate blocs such as the STA and SPANZ with a view to their being useful surrogates and nominal partners in the bulk-funding enterprise. Earlier in this thesis caution was expressed with regard to the wisdom of researchers dividing the government and the teacher unions into discrete, mutually exclusive pared halves. The reality was that both sides’ positions were not neatly antithetical, however. A case can be made for more complex multilateral responses and complex interrelationships. For example, even Gordon (1991, p.31) shows in her research that the STA Secretary, Shattky, had had reservations about the “timing and amount of prior notice given to schools” regarding bulk funding.

However, what does seem clear is that during 1991 the Government was trying explicitly to create a pro-bulk funding coalition by co-opting other interested parties such as STA representatives and the corporate groupings which represented many school principals. There also seems to have been a definite aim to isolate the teacher unions and to stigmatise them as the diehard, unreasonable, opponents of bulk funding. The hope was that the strength of the teacher union opposition that had been demonstrated amply throughout 1989 could be diluted by employing these divide-and-rule stratagems. The official documents, as evidenced by the SSC's 1991 correspondence files, imply additionally that the leaders of the STA and SPANZ were indeed receptive to the Government's overtures at that time.

In the Report entitled *Bulk Funding: Support Needs' Analysis* that the SSC forwarded to Minister Birch on 12 July 1991, Carpinter envisaged that there could well be a "... key role for the NZSTA in the implementation of bulk funding, [in] the scheduled 1992 Boards of Trustees' Elections, and in the initiatives for reshaping schools" (1991, p.18). The SSC also recommended that the then President of SPANZ, Brother Pat Lynch, in addition to Shattky, sit on the Steering Committee. Moves to invite them to join the Steering Committee were to be given priority. This process of co-optation was thus applied rather narrowly; it tended to be restricted to 'sympathetic' personalities who were perceived as being useful bridges between the National Government and the wider educational community. It was certainly presumed that educators and managers such as Brother Lynch and Mr Shattky would help the Government to realise its overall aim of instituting a full bulk-funding scheme that applied across the board.

My documentary research revealed that there was to some degree a siege mentality within the National Government and its officials, right from the outset of the changeover of government in late 1990 and well before the Budget provisions were announced on 30 July 1991. The stiff resistances evident within the 1987 to late 1989 period, as examined in the previous chapter, had shown that it was going to be no easy task for the Government to introduce the actual bulk funding of teachers'

salaries. The reaction to the Picot Report (1988) and to the Labour Government's official response *Tomorrow's Schools* (1988) had been such that it put paid to any notions of an easy passage for bulk funding.

All this explains largely why Fiske and Ladd's (2000) claims for a radical revolution ring a little hollow. Compromises had to be forged and, in fact, the status of the voluntary opt-in scheme for the bulk funding of teachers' salaries represented a substantial compromise. If the scheme was to be proceeded with, as the Government had indicated it definitely would be, then it had to be proceeded with deliberately in as non-threatening a manner as possible.

As has been mentioned earlier in this chapter the former Minister of Education, Dr. Lockwood Smith, looked back from his vantage point later as Speaker of the House of Representatives and felt that a "great mistake" had been made in terms of losing the historic opportunity of seizing the initiative to institute full bulk funding in toto across the board. It was more likely though, that he had minimised, in his mind, the political realities he was confronted with at the time. In retrospect, and in the light of subsequent reform schemes undertaken in the 1990s and beyond, it may have appeared like a missed opportunity to Smith but the truth was that the political conditions were not favourable for introducing mandatory bulk funding in 1991.

In the course of their interviews with me in August 2011, former Secretary of Education, Howard Fancy and Dr. Gordon also suggested that it may have been the preference of the Prime Minister of the time, Jim Bolger, to adopt a more pragmatic, 'softly, softly', approach to this vexed and contentious educational policy issue. It may very well be that Dr. Smith did not possess the political wherewithal to have wielded full political authority and to have pushed through wholesale change at that stage. With a Prime Minister inclined towards caution, it was not likely that Smith would have believed that he had the authority to act unilaterally and without compromise. During revisions to his interview transcript in August 2014, Dr. Smith

confirmed that Prime Minister Bolger wished to cool down the bulk-funding issue at that time and transferred Smith therefore to the Agriculture portfolio.

Hence, even though Smith was instrumental in fomenting change and in promoting the bulk-funding policy, he had been obliged to go through the motions of compromise and to claim in 1991 that the voluntary opt-in scheme did not represent a full plan to extend the policy to all New Zealand schools. In any event Smith's political opponents did not believe in the sincerity of the compromise, claiming instead that the Government was 'softening up' the New Zealand education system for the full imposition of bulk funding.

All this begs the question that if the New Zealand 'radical reform' agenda had been diluted significantly, when New Zealand was purported to be the exemplar of the most radical transformation of public education in the Western world, as Fiske and Ladd (2000) had argued, then what of the other countries' reform programmes, especially those of the United States with whom the New Zealand case study is compared and contrasted so often? Could it be that programmes in these countries had also been subjected to a process of compromise? This would certainly seem to be the case for the state of Wisconsin. As we have seen already, Munro (1989) questioned the efficacy of the Wisconsin experiment with the bulk funding of their teachers' salaries. Munro (1989) also deplored the use of Rosmiller's (1986) Wisconsin example to bolster The Treasury's case for the imposition of bulk funding in New Zealand, it will be recalled.

My own documentary search in New Zealand also reveals that in terms of the SSC's files at least, rather than advocating full radical reform, as per the models of the American historiographical school, both the SSC and the Ministry of Education were lobbying in favour of the voluntary opt-in trial of bulk-funding arrangements. This behaviour represented a nod towards the political realities of the day and the strength of opposition from teacher unions and other concerned educational groups. Their files note that Smith wished to give the appearance at least of being

conciliatory. The then National President of the PPTA, Shona Hearn Smith, recalled in her interview with me (Hearn Smith interview, 2011, p.xxxii), that although the bulk-funding battle was a “contest of ideology”, the Minister wanted to preserve the appearance that he was listening closely to PPTA concerns.

During her interview, Gordon (Gordon interview, 2011, p.xxi) interpreted Dr. Smith’s actions as representing a succession of approaches, some of them somewhat contradictory in nature:

So there was National, they were committed to doing (bulk funding). Now what was their position? They had a funny position on it. But pretty quickly they tried to push it through. And there were about five stages of (Lockwood’s) strategy. You need to realise that at the same time, he had a certain young Matthew Hooton in his Office. Yes, he (Hooton) was advising him (Dr. Smith) ... really trying to push it through. And things got quite dirty. My husband got very upset when they attacked me personally.

Gordon felt that Smith’s appearance of listening to public concerns at the time was a mere fiction. The decision to implement bulk funding had been made earlier, therefore any ‘dirty tricks’ at the time were part and parcel of a political campaign which had an ultimate aim of securing the passage of the bulk-funding policy.

Hooton (2009), in an article penned for the *Sunday Star-Times* on 1 January 2009, recollected that in 1991 the then Minister, Dr. Smith was “being burned in effigy”, particularly by “student (and teacher) protesters.” This statement is evidence of the depth of political opposition and of ill feeling at the time. A veritable ‘state of siege’, to paraphrase novelist Janet Frame (1966), had descended upon the Minister of Education and his officials at the Ministry of Education in New Zealand at that time. It was evident even in 1991 that battle lines had been drawn up and forces conjoined. Both sides geared up then for further public relations campaigns in order to win public support.

However, as we have seen throughout the course of this thesis, the polarised nature of the debate was a perennial problem. Battle lines had clearly hardened, and there was now an atmosphere of a 'do or die' fight. The conflict which subsequently occurred will be the subject of the next chapter.

CHAPTER EIGHT

CAREERS AT STAKE: 1992–1999

In Chapter Seven, we looked at the argument that the bulk funding policy was far too compromised already to work effectively, especially given the degree of polarisation that even this relatively conservative and pragmatic version had occasioned. We will examine this argument in more detail in this chapter. The ominous rumblings created by the moves to introduce the Salaries Grant component of bulk funding were ever present throughout the 1989 to 1991 period. The new National Government, following the election of November 1990, together with its bureaucratic servants, were being besieged by the opponents of bulk funding. Still, the actual explosion had not yet come. It was to be the Government's determination to push bulk funding through against strenuous opposition that was to fuel the explosion.

Hawthorn's (1987, p.69) research, in addition to Pompa's (1971, p.39) indicated that a critical mass of resistance could arise which could spoil the chances of success for a given government policy. The situation could be seen as analogous to a nuclear chain reaction where once ignition takes place it then becomes difficult to contain the resulting inferno. In terms of the bulk-funding policy, once professional and public opinion against it had reached the point of critical mass it then became difficult even to implement the policy. There were points of balance and tipping points at which the positive public relations campaign which extolled the benefits of the bulk funding of teachers' salaries might have swayed more school authorities and more sections of the public to join it, but these were outweighed by the skilful use of negative messages by the policy's opponents. There was a point at which the policy could never recover fully. This point may well have been reached as early as 1992–1993.

Hawthorn (1987, p.71) warned that all aspects of proposed policies had to be managed carefully. Careful management did not take place as fully as it might have done throughout the implementation of the bulk funding of teachers' salaries' policy.

Therefore, the policy was unlikely to succeed or to proceed beyond the term of its sponsoring government. The contaminating effect of successful public relations campaigns by the teacher unions doomed bulk funding eventually to abandonment by Order-in-Council in June 2000.

As mentioned in Chapter Seven, during his interview with me, Smith (Smith interview, 2011, p. liii) traced the history of the previous Labour Government having left the teachers' salaries half of the bulk funding equation 'in abeyance'. The transcript of the interview is interesting because Smith very much saw himself as the 'inheritor' of this half-finished task and recalled details of his impatience at the time to realise the project. The most significant recollection, one which was tinged possibly with the retrospective wisdom of hindsight, was that:

I, perhaps unwisely, recommended to my colleagues – to the government – that ... rather than impose bulk funding on all schools ... [we] should put in place a voluntary model that would enable schools to come into the bulk funding system because what that led to was that some schools did indeed pick it up, but they became the targets of vicious campaigns from the unions.

Smith elaborated upon his viewpoint that the "vicious" campaigns had originated from both the primary teachers' union, the NZEI, and from the secondary teachers' union, the PPTA. To this end he declared that: "The campaigns were vicious! ... and I remember a friend of mine at the time whose father was principal of a school in the Northern part of the South Island – and they chose to go into bulk funding, and the personal attacks were just so vicious" (Smith interview, 2011, p. liii). The subsequent follow-up question that I posed as the interviewer was whether this was, in fact, Waimea College. His response by naming the principal, Mr. McMurray, established that this was indeed so.

Waimea College was a classic test case in the 1990s, the principal and the Waimea College Board of Trustees having opted to volunteer for bulk funding in 1992 without

consulting the staff, according to the local PPTA Branch. By 1996, the school was convulsed with industrial strife. In early February 1996, staff passed a motion of no confidence in Principal McMurray. Minister Smith flew down from Wellington and addressed a rowdy public meeting, after which two members of the Board of Trustees handed in their notice. At some later stage, the local PPTA Branch Chair and National PPTA Executive Member, Roger Ledingham, was not allowed to report for duties at work owing to an employer ban. On the opposing side, Dr. Smith repeatedly denounced the “vicious” threats issued against Principal McMurray.

Parts of the transcript of the radio interview (8 February 1996) between Kim Hill at Radio 2YA and, firstly, Ledingham and, then, the Board Chairperson, Mr. Irvine, shed some light on the explosive situation at the time.

Presenter: Why are so many staff members opposing bulk funding?

Ledingham: ... we look at every other example of bulk funding in the state, from the Health through to other education sectors, and see how it's become a cost-cutting exercise, including schools' operation funding. We do not trust the government, we do not trust the bureaucrats ... the dispute is very, very unpleasant. Very, very debilitating indeed. I feel bereaved and so do many of the staff, I think.

Presenter: Do you have a political view on bulk funding at all?

Irvine: No, no, no, we don't have a political view, but, ah, the PPTA should take their argument out with the government and not with the Board at Waimea College.

Presenter: Why do you think bulk funding is so controversial? Why do you think the union is against it?

Irvine: Because I think the PPTA would probably feel threatened that they might lose their power.

Here, in a microcosm, lay the issue of careers and reputations being at stake in the vexed arguments surrounding bulk funding. These arguments were to embroil the New Zealand education system in controversy throughout the 1990s. Dr. Smith might have been intuiting unconsciously that his own career as Minister of Education was the ultimate career at stake at the time. Fancy (Fancy interview, 2011, p.xi) suggested in an aside that the Prime Minister of the day, Jim Bolger, decided eventually that the furore surrounding bulk funding was so fierce and potentially damaging to the National-led Government that Dr. Smith had to be sacrificed as Minister of Education and replaced by Wyatt Creech – a less hard-line appointment – in March 1996.

The maelstrom that engulfed Waimea College had also impacted upon other geographically disparate schools such as Colenso College in Hawke’s Bay and on Onehunga High School in Auckland. The pattern was often similar: ultra-reformist principals and boards of trustees butted heads with powerful union branches. Sullivan (2000, p.166) believed that the Colenso Board had got carried away with their enthusiasm for making ‘business decisions’, forgetting that they had to take the school management and staff along with them:

... the Board of Trustees at Colenso acted in a way that suggested a naïve approach to a complex problem. Without getting a true sense of both the arguments and the strength of feelings of teachers, students and the wider community, they made a [pro-bulk funding] decision that they eventually had to back down on, with the added result that the principal of the school resigned.

Smith (Smith interview, 2011, p. liii) recalled later that Avondale College had been subjected to “unfair” controversy for going into bulk funding under Principal Phil Raffills, Smith having remembered the late Mr. Raffills’ role in facilitating Mt. Roskill Grammar School’s entry into the scheme in 1994, Mr. Raffills’ wife having been a member of the School’s Board throughout the 1990s. Cross (2003, p.19) reported that the PPTA had heard that Mrs. Raffills had influenced the Board of Trustees’

decision for Mt. Roskill Grammar to enter the bulk-funding scheme. During his interview in 2011, Smith was still wont to praise Mr. Raffills' role as a leading voice on the Auckland Secondary School Heads' Association and as the founder and first Chair of the Association of Bulk Funded Schools (ABFS). In addition, Mr. Raffills' election as an Auckland City Councillor in 1995 could well have lent extra weight to his efforts to proselytise for bulk funding.

Given the circumstances, it was hardly surprising perhaps that the former National Chairperson of the PPTA, Shona Hearn Smith (Hearn Smith interview, 2011,p.xxxii), had quite a different perception to Dr. Smith's during her interview with me in July 2011. In discussing the praise that politicians of the time, chiefly Dr. Smith, had heaped upon school authorities who had made the decision to opt into bulk funding, she placed the decisions to go into bulk funding exercised by schools such as Mt. Roskill Grammar and Avondale College within a wider context of ideological contestation.

It was part of the same old thing about the New Right that had gone on ... since Roger Douglas ... and while that approach had been applied and they'd sort of succeeded in a whole lot of other fields; in education, they came up against the strongest opposition ... in the sense that, overall, we were quite ... an effective union which had the trust of most of its members ... who came to understand the issues, believe in themselves ... and be willing to do something about it. So you had a Government who were pretty determined to implement bulk funding on the one hand and a union, on the other hand, who were pretty determined not to.

This was the basis then for the extreme contestation and division of opinion which bulk funding ushered in. Its roots lay in the contest of ideology that pitted the National Government against the teacher unions, allowing the school authorities to arbitrate for themselves between the competing ideologies. Many school authorities adopted a position for themselves accordingly. However, one of the key problems was that the school authorities themselves did not embody a unified stratum of

opinion. As in the Waimea College case study, the Principal and leaders on the Board of Trustees could be (and were) pitted against the majority of the school staff. Besides this split in staff opinion between pro and anti bulk-funding factions, a dichotomy of opinion could also be found at times within school management structures. For instance, some of the occupants of the Principals', Associate Principals' or Deputy Principals' suites might be strongly in favour of the bulk funding of teachers' salaries while others might be strongly against it.

School authorities could succeed in introducing the bulk funding of teachers' salaries in a more managed fashion sometimes, which obviated the need for direct conflict between diametrically opposed viewpoints. Unlike the cases of Waimea College or of Opunake College as discussed by Cross (2003, p.17) there could be a more united front established between the different school parties. Often this careful management of bulk funding took place via a process of vertical integration. For example, during my research into the operation of bulk funding in an Auckland metropolitan case study primary school during the late 1990s, there was leadership on the bulk-funding issue from the Principal's suite. In fact, there was a palpable sense of coaching of staff from the top down. Some interview subjects had mentioned their initial apprehensions about bulk funding, but one explained how the principal "really explained things to us." Other interviewees mentioned sessions held by the management and the Board in order to 'explain' the new bulk-funded system (Primary School X interviews, 2000, p.2).

It can be seen from examples taken from my earlier M.Ed research, that schools were clearly a site of struggle over bulk-funding policies. However, the documentary evidence gathered for this Ed.D thesis suggests that worrying about the impact of bulk funding upon one's careers was not the sole province of the frontline schools or of the politicians themselves, though. The State Services Commission's 1992 files show that bulk funding was a significant concern for those civil servants working for the Commission, the Department of Education, and for other Government departments at the time.

In addition, most interviewees whom I questioned at length about the bulk-funding era of the 1990s confirmed in their interviews that they had been worried about their own or their colleagues' future careers at the time. This was true of former Minister of Education, Smith, who was even in 2011 still expressing consternation about the fate of Waimea College Principal McMurray (Smith interview, 2011, p. liii.):

The school I'm thinking of ... the principal was a guy called (McMurray). Well, he was a lovely guy subjected to just a vile campaign against him and so, you know, it saddened me that that happened.

Thus, it transpired that my line of questioning naming Waimea College had been correct. There was considerable industrial strife at that school throughout 1995 which culminated in the stand-off of February 1996, most of which made national news. The impasse between the principal, the chairperson of the Board of Trustees, and a minority of pro-bulk funding staff on the one hand versus the Waimea College PPTA branch, some Board of Trustees members, and some parents on the other hand, severely affected the day-to-day operation of the school and strained relationships badly between the various parties.

Careers were certainly at stake in the case of Waimea College. The Smith interview showed that the passage of time had not softened the blunt edges of the impact felt by Smith in his capacity as the pro-bulk funding Minister of the day on behalf of his protégé principal whom he had endorsed explicitly and whom he still believed in.

Yet the opposing teacher union side could also cite key personnel of theirs whom they felt had been affected badly by bulk funding. Hearn Smith (Hearn Smith interview, 2011, p. xxxii) discussed the example of an influential PPTA branch chairperson thus:

Oh, yes ... and in Waimea College, Nelson ... because (Roger Ledingham) who was the PPTA staff rep and who was also a member of the PPTA National

Executive ... in my time, and was very knowledgeable about the subject of bulk funding. And, yes, so he would have led the opposition there and suffered accordingly.

This account corroborated media reports that there had been repercussions faced by the Principal's chief opponent and by other members of the Waimea College PPTA branch. Therefore, there was a counter narrative to the former Minister's story about the persecution of the Principal. This is yet another example of the gap between the two parties which existed during the 1990s, one that persists to this day. It still seems difficult for each side of the debate's key participants to put themselves in their opponent's shoes and to apply E.H. Carr's (1961, p.119) imaginative spark of understanding to this part of our educational history.

Smith as the Minister of Education and Hearn Smith as the national President of the PPTA also had conflicting ideas about the so-called success stories of bulk funding. For example, both parties had different views as to the value of what had taken place in Avondale College under bulk funding. According to Smith (Smith interview, 2011, p. liii):

Some schools actually did enormously well – one school in Auckland, of course, (Avondale College) under the leadership of a guy called (Phil Raffills) who has sadly died since – that school did fabulous stuff when it was bulk funded. You know, the beauty of it was that they were freed from the prescriptive staffing arrangements of our centralised state schooling system and they were able, so many of them, to employ a whole lot more staff. They were actually able to pay some of their top teachers more.

Later, Smith elaborated upon his comments about Avondale College (Smith interview, 2011, p. lv):

Oh, yes. Schools like Avondale College did some really exciting things. I think they employed a significant number more teachers than the staffing entitlement under the centralised model and they got such a great attitude going in their school. You know, I visited the school on more than one occasion, I think, because the Principal wanted me to see how well it was working.

This was the typical flavour of the Smith interview. The former Minister often spoke in expansive and general terms about schools' experiences under bulk funding and the broad brushstrokes painted a positive picture. A key adjective was 'exciting', and Smith communicated some regrets that the "exciting" developments were never able to come to full fruition. In a similar vein to Peachey, he claimed that good staff were rewarded under bulk funding and that more staff overall could be employed.

Peachey (Peachey interview, 2011, p. xlili) also discussed the economic advantages that he believed had been secured during Rangitoto College's experience with bulk funding during the 1990s:

You see, the other great work was that the interest income we earned off bulk funded money was worth two or three extra teachers' salaries a year because what would happen was if the pay day was a Wednesday, on the Tuesday night two pay periods of money would come into the bank account. You'd pay out one pay period the next day and the other money you'd hold for two weeks and then pay it out. The income you could generate was huge! Now I'm talking about six figures over a year, so at no cost at all to the taxpayer, you could employ, in those days up to three extra teachers in a school the size of (Rangitoto College) just out of the interest you were earning. And you tell me that was nuts?! It was brilliant. Kids are better off if there are three more teachers at the school. But obviously for smaller schools, it might only be one or half a teacher or whatever. But at no extra cost to the taxpayer it gave that opportunity. It was bloody brilliant!

Therefore, according to Peachey, principals needed a whole new set of specialist financial skills under bulk funding. For Peachey it seemed to be an entirely new heady environment which presented intoxicating new possibilities of earning money with which to fund the hiring of extra staff. The financial implications of principals and of boards managing what Peachey identified as being large amounts of money has not been studied at any great length in the literature of bulk funding to date. This could represent a fruitful area for future research.

However for Hearn Smith, the prospect of principals earning money from interest was not quite so intoxicating. She deemed it irrelevant to the true situation of senior staff being replaced sometimes by younger, cheaper, and more bulk funding-friendly staff. The PPTA had expressed consistent concerns about the axing of staff under bulk funding, as she reiterated during her interview. Besides, and in contrast to former Minister Smith, Hearn Smith (Hearn Smith interview, 2011, p.xxxii) felt that the real story of Avondale College was one of the intimidation of the unionists at the local PPTA branch:

I mean, obviously, if you think about a place like (Avondale College) they did go into it under (Phil Raffills) ... and from what one could gather ... you know, the PPTA branch there ... was almost persecuted inside the school ... so I can't see that that really made for a happy or a 'better' workplace.

Therefore Hearn Smith, like Gordon, depicted a negative view of school life under bulk funding. Austin (Austin interview, 2011, p. v) had pointed out incidentally that many principals worldwide were reluctant to become financial managers. As she found at the Berthelmann Conference in Germany, “these school principals – I think somewhere between sixty and a hundred of them were horrified, absolutely horrified! at [the idea of] having to take on that sort of responsibility.”

Gordon (Gordon interview, 2011, p. xxiii) saw the implementation of bulk funding in the 1990s as being financially messy and as not efficient at all:

So, in a sense, the policy they wanted grounding the bulk funding of salaries was so inefficient and so ideological that ... what I mean by that was that they were simply following their ideology. It was about union crushing. It was about devolution being the only way to do things ... and also, I mean, schools being run like businesses.

Union representatives and, indeed, ordinary teachers were bullied into compliance with the policy. We may well ask ourselves how such a sharp difference in interpretation could be explained. Of course, the different positions which different participants held coloured their perceptions naturally and lent them contrasting emphases when recalling events from the 1990s' bulk-funding era. Proponents of bulk funding, such as the politician Smith predictably, were looking for examples of 'successful' policy implementation and were, therefore, keen to stress a philosophy of the benefits accruing from freeing up the teacher labour market. Opponents, such as the unionist Hearn Smith, by way of contrast, were concerned primarily to safeguard and to fight for their members' interests. Their philosophy tended to be expressed in terms of collective industrial solidarity.

However, there is more going on in the above divergence of opinion than the participants merely having different approaches. There is a pronounced gulf of experience between the participants from each side with a marked inability by participants to find anything at all redeeming in the other side's point of view. This, then, was one of the key benefits of undertaking this type of interview research. The interviews conducted for this thesis served to highlight the polarisation which had taken place in the 1990s and which was still strong at the time of the interviews in 2011. Probing into bulk funding was, therefore, somewhat akin to probing into a barely healed wound. An additional consideration was that the careers of people as diverse as Minister Smith and the PPTA National President Hearn Smith were put under strain owing to the extraordinary tensions produced by bulk funding.

Bureaucrats such as Fancy (Fancy interview, 2011, p. xii) who were responsible for implementing the policy also felt the heat. Fancy had come to the view that the degree of polarisation had become counterproductive and that the difficulties associated with trying to implement the policy had, furthermore, rendered it inefficient:

... it isn't particularly effective when it ends up, you know, getting people polarised. There were numerous examples of staffrooms being torn apart. Some schools, you know, turned into philosophical and ideological battlefields.

Fancy also had specialist insider's knowledge because he had been seconded from The Treasury to the Department of the Prime Minister in Cabinet for nine months, starting in 1994. He worked directly under then Prime Minister Bolger. Drawing upon this insider's knowledge, he advanced the view that the Government had decided already to abandon the bulk-funding policy shortly after Fancy (Fancy interview, 2011, p. xi) himself became Secretary of Education in 1996:

Well, I think that by the time I came in in 1996, I mean, a lot of the debates about bulk funding were reaching their end. I mean, the government had decided basically to drop it! – you know, as a policy, pretty much right after I came in.

Fancy implied strongly that Prime Minister Bolger had tired of the interminable controversy surrounding bulk funding, and that the end of Smith's tenure as Minister of Education in March 1996 was a related result. Smith's career as Minister was, consequently, the ultimate career at stake due to the polarisation engendered by the bulk-funding policy and this career certainly did not outlast the 1990s. Neither did the bulk-funding policy itself.

Fancy (Fancy interview, 2011, p. xi) emphasised that Bolger as Prime Minister had been instrumental in imposing conservative boundaries upon the bulk-funding policy right from its announcement in 1992:

The then Prime Minister, as I recall, had given a political commitment that he wouldn't impose it [bulk funding] on all schools ... and he stuck to that political commitment. And I think that ultimately, you know, what was offered to schools [under bulk funding] wasn't taken up ... and the policy was quietly dropped.

As a researcher, I very much wanted to interview former Prime Minister Bolger himself in order to corroborate this evidence from the Fancy interview. I had written to him as early as April 2011 requesting a face-to-face interview and then offered an e-mail interview format when I wrote to him in his capacity as the Chancellor of Waikato University in September 2011. However on both occasions there was no reply, and it could be deduced that the former Prime Minister was not keen to revisit the bulk-funding controversy of the 1990s. In any event, it is evident that former Prime Minister Bolger did have a considerable role upon the course of the history of bulk funding from the inception of the policy in the early 1990s. Fancy, and also Gordon, believed that this role was one of limiting the ambitions of proponents of the bulk-funding policy for pragmatic political reasons. It could be a good idea if further research were undertaken to tease out the degree of Bolger's involvement in bulk-funding's policy making and implementation. This could be a project for a researcher in the future.

There could also be research into the roles of Sir Roger Douglas and Phil Goff, both of whom also declined to be interviewed. Douglas was instrumental in pushing The Treasury's (1987, p.8) line for securing "efficiencies" in spending public money on education - while Goff had an important role in delaying the imposition of the Salaries component in 1990. As outlined in Chapter Two, the process of obtaining interviews can be a delicate negotiation and it was not possible to interview all the desired subjects. Nevertheless, I would recommend that the above politicians' roles be teased out in future research.

As has been seen earlier bulk funding did cause problems for some politicians, public servants, school managers, school teachers, and union representatives with

their careers. Dr. Smith, for example, was moved out of the Education portfolio, as we have just seen. He was replaced by Wyatt Creech who took a more circumspect line with regards to the promotion of bulk funding.

In the case of public servants, research into the archival evidence has shown that there was an explicit acknowledgement that bulk funding would look better in public if there were much less disruption in terms of school administration. Therefore, it was annotated in the SSC files on bulk funding (1992, p.13) that the Assistant Commissioner had recorded that there would be less disruption to schools overall “if the requirement to change staffing profiles before the funding allocation changed in 1993 would be seen by schools as a protection against funding cuts.” There was quite widespread concern evidently that many school authorities would not feel that the funding allocation changes of 1993 would afford them any protection at all and that, conversely, the proposed changes in staffing profiles would represent ‘the thin end of the wedge’ that would imperil staff members’ already tenuous salary bargaining positions further.

The SSC files (1992, p.14) implied overall that the chief problem with regards to bulk funding was that teachers, school authorities, and the general public “would blame the Civil Service for any problems.” There was a strong desire to avoid the blame for any such opprobrium that could be incurred by the unilateral imposition of bulk funding. There was also a palpable sense of official ambivalence with regard to the efficacy of the bulk-funding policy, particularly in the SSC. One annotated margin read: “It is the State Services Commission that could end up being in the firing line and receiving the political blame” (1992, p. 15).

Such asides underscored the perception that rather than bulk funding being a natural and sensible policy arising out of the express needs of the educational community itself it was, rather, a centrally-designed and imposed, radical, new, creation that had no small amount of danger attached to it. This perception, then, would tend to support the idea that bulk funding had been a top-down imposition. It

was conceived of, argued for, and executed by the central government. It was a mere fiction and polite façade to claim that bulk funding had been developed as a local school-led policy originating from the local school authorities themselves.

Significantly, the SSC's files on bulk funding (1991-1992) had recommended that if the Government were to provide guarantees for "protections against funding cuts", then these protections would serve as an antidote to the bitter pill of salaries' bulk funding and that, furthermore, the protections could inoculate both the public service and the central government against any flak resulting from the unitary central imposition of the salaries' bulk-funding policy. If the feared cuts to school funding and the teachers' salaries grants were not to eventuate in as drastic a form as predicted in the government files, represented in this instance by the SSC's files (1992, p.15), the SSC's officers felt reasonably confident then that they could "keep a lid" on the resulting political pressures. These sets of documentary evidence thus underline the central fact that the initiative for the bulk-funding policy had its origins in central government rather than in any local initiatives.

One problem that had been identified earlier in the Ministry of Education's bulk-funding files (1991, p.37) had been summarised thus: "the wide range of significant inconsistencies and anomalies with respect to the bulk-funding formula's capacity to deliver funding in accordance with individual schools' needs". Even as early as 1991, therefore, it had been recommended that the "general bulk funding formula be reviewed" (Ministry of Education, 1991, p.38) and that the reviewers themselves participate actively in order to "re-address and redress the needs of the schools" which were, in many cases, "highly diversified, such as in the cases of Area Schools" and schools which were "very small in terms of their roll size" and/or "extremely remote". It can be seen, therefore, that the New Zealand schooling system was complex, in terms of both school size and type.

However, it also seems apparent that the bulk-funding system as it developed in practice throughout the 1990s did not address these types of recommendations from

the Ministry of Education's planned Review for 1991 and 1992, as annotated and presented in the Ministry's own 1991 files' summaries.

It is interesting to speculate as to just how many political problems could have been avoided had earlier warnings, such as those represented in the documents, been heeded. In this case the primary material came from the public service participants who were responsible for drafting the implementation of the scheme. The New Zealand Archives staff have preserved the records of a different prediction for the scheme's future than the on-the-ground reality recorded at actual school sites where bulk funding was implemented in practice. It could be postulated that this mismatch between bureaucratic planning and actual local implementation helped to cause many of the problems that clouded the fate of the salaries' bulk-funding policy throughout the 1990s.

This degree of mismatch between the official plans and the actual situation in schools can be teased out also from comments made earlier in 1990 by the new Minister responsible for the SSC, Bill Birch. On 6 December 1990 SSC officers outlined a draft plan, entitled *An Approach to the Bulk Funding of Teacher Salaries*, which was appended to the SSC's files on bulk funding (1991, p.4). At the time these SSC officers sent it on to the Commissioner and the Minister, Bill Birch, for approval. They had espoused five general principles to which the Minister had then added a vulgar epithet in the margins of page four after the summary of the five aforementioned principles (SSC files on bulk funding, 1991, p.4). These general principles, as enshrined in the document, were laid out specifically as follows: first, bulk funding would be one element only in a wider package of salary elements; that secondly, all elements would be mutually consistent and supportive of each other. Thirdly, salaries under bulk funding should and would be fair; fourthly, teaching and teachers' resources should be included in any bulk grants unless there were good reasons to administer them separately; and fifthly, and ultimately, the historical position of schools needed to be taken into account.

It was after this final point that Minister Birch had hand-written in the margins:

Bullshit! These are not principles. These are, in fact, possible implementation impacts that need straightening out.

This expostulation is worthy of comment in that it appears evident that leading politicians and administrators of the time had considered the possibility of weighing up the potential impacts of bulk funding upon schools, their teaching staffs, and indeed on the wider community. In working through this type of opportunity costs analysis, potential benefits and drawbacks had been placed upon the scales. It was recognised that bulk funding would not be a value-free exercise and that inevitably there might be significant gains to be realised or, indeed, significant costs to be incurred for that matter.

The Minister of State Services, Mr. Birch, tended to view matters pertaining to bulk funding through this prism of implementation impacts. He found discussion of principles and philosophising about the equity and justice of any potential bulk funding regimes evidently to be fanciful in the extreme. This viewpoint is interesting in the light of the twinned histories of Primary School X and Primary School Y throughout the 1990s, as covered in my M.Ed thesis. It could be argued that one school, the metropolitan Primary School X with its access to social and political capital of a high order, had indeed made the gains and had realised the positive impacts that had been predicted implicitly by the proponents of bulk funding. By the same token, it could be argued that the rural provincial Primary School Y had been obliged to endure the losses and reap the harvest of negative impacts. Be that as it may, it was acknowledged here as early as late 1990 by a key political player that this particular educational policy of bulk-funding teachers' salaries was not value-neutral and that it would have a significant impact, for either good or for ill.

A later SSC file on bulk funding (1995, p.11) showed that there were "pockets of resistance towards bulk funding" that were still widespread throughout New Zealand

in the middle of the bulk-funding decade of the 1990s. The Assistant Officer who recorded the minutes for the files had cautioned against “upsetting the apple cart any more than (it) already has been.” By the middle of the decade, the watchword for the bulk-funding policy was ‘containment’ rather than continuing to proselytise the message or to advance the practice of the educational policy of bulk funding itself. This was an interesting historical development in that it showed clearly that by this stage the controversial teachers’ salaries bulk-funding policy was to be handled gingerly instead of in a gung-ho fashion. It provides a fascinating, ‘real life’, glimpse into the adoption and subsequent adaptation of an actual educational policy in a specific context. The New Zealand case study thus has resonance for a wider international context in educational policy as well. Apple (2003, p.59) had stated that with regard to the American context there should have been more care taken before implementing New Right educational policies which involved too much cost-cutting inevitably, as he cited for the state of California in the early 1990s.

In the case of New Zealand, the SSC had counselled initially against the adoption of bulk funding because they feared that the policy would be seen publicly as unjust and/or inequitable. This caution was inserted into the minutes of the 6 December 1990 Planning Meeting (SSC files on bulk funding, 1991, pp. 4-5) as has been discussed already. At this stage, it was preferred that teaching resources also be included in any salaries bulk-funding packages in order, it was implied, to soften any ‘blow’ that could be said to have been delivered by the bulk-funding policy itself.

There was an implicit alarm being sounded in late 1990 before the adoption of the bulk-funding policy. This alarm related to the potential for the bulk-funding policy to go wrong and to collect its fair share of blame. By the middle of the decade, the prevailing sentiment evident in the SSC’s files on bulk funding (1995, p.12) was one of rescue and recovery from the explosion. There was almost an ethos of ‘not rocking the boat’; a ‘softly, softly’, ‘steady as she goes’, approach. The SSC bulk-funding files (1995, pp.12-13) contents - appearing as they did against the backdrop of industrial unrest attributable to the bulk funding of teachers’ salaries policy, and as

exemplified by the Waimea College dispute - highlight the compromises and moral contortions inherent in the administration of such a controversial education policy. It was evident that by 1995, if the scheme was to be kept running as the Ministers of Education and State Services appeared to wish, then it would have to be kept going in an unostentatious fashion so as not to draw unnecessary and critical attention to itself.

This was not a propitious development in terms of the long-term success of the policy. Therefore, it can be seen that the most significant time for the bulk-funding policy was the first four years, between 1992 and 1996. After March 1996, when Smith had been transferred from the Education to the Agriculture portfolio, there was a slow countdown to the termination of the controversial bulk-funding policy which had, to such a large extent, polarised New Zealand education and educators. Chapter Nine will look closely at the end of that policy as well as at subsequent attempts to revive it until the present day.

CHAPTER NINE

AFTERGLOW – LIFE AFTER DR.SMITH: 1996- 2015 AND THE BULK- FUNDING POLICY: 1999 – 2015.

The removal of Dr. Smith as Minister of Education in March 1996 and, crucially, the election of the Labour-Alliance Coalition Government in November 1999 spelled the end of bulk funding. It had been a clear part of those former opposition parties' policies to terminate the bulk funding of teachers' salaries in schools. Peachey (2005, p.69) recorded his extreme feelings of disappointment, feelings he amplified upon during his interview with me in Parliament Buildings in Wellington in May 2011 where he lamented the official end of the bulk-funding policy in June 2000 which he explained in terms of disdain for the activists and politicians who ended it. (Peachey Interview, 2011, p. xxxviii):

I fought it with every piece of energy and strength I had. And [I] still hold in contempt the politicians who did that.

However, the incoming Labour Government considered clearly that it had been elected partly on the educational platform of getting rid of bulk funding and thus would have, no doubt, felt justified in fulfilling their earlier promises from the shadow Minister of Education, Trevor Mallard, prior to the election. It was not really of much significance that the actual coup de grace for bulk funding was delivered by Order-in-Council by the Governor General in Government House in Wellington in June 2000. The controversial policy had been considered already to be a 'dead letter' policy from election night in November 1999. Because the bulk-funding policy had been championed still by the former National-led Government under Prime Minister, Jenny Shipley, the fact that her National Government had been defeated meant that by association the bulk-funding policy was also considered to have been defeated.

In the immediate aftermath of the Order-in-Council, many of the calls for the restoration of the bulk-funding policy were led by the Association of Bulk Funded Schools (ABFS), the organisation which had been set up in 1994 to safeguard the interests of those school authorities who were obtaining considerable benefits from the implementation of the bulk-funding policy. Minister of Education Dr. Smith was removed from the Education portfolio in March 1996 and succeeded by his Cabinet colleague, Wyatt Creech. After being removed from the education portfolio, Smith continued to take an active role in the ABFS' affairs. He was a regular guest speaker at the inaugural conference held by the ABFS at Pokeno in October 1996.

At that inaugural conference, Smith (1996, p.4) denounced the "long, malicious and misleading campaign by the teachers' unions against an idea as simple and progressive as bulk funding." He claimed furthermore that "none of their [the teachers' unions] negative predictions will ever come true." So, even while the bulk-funding system still operated between 1996 and 1999, the last term of the National-led Government, to be led shortly by new Prime Minister, Jenny Shipley, there was a definitive attempt to shore up the battered ramparts of the bulk-funding policy. Smith felt somewhat freer to express his own views after being removed from the Ministerial position of responsibility for Education, and consequently felt empowered to lead the defence of the bulk-funding policy.

Both Smith and the ABFS believed that this policy was experiencing unjustified attacks. Other speakers at this inaugural conference included Phil Raffills, the then Principal of Avondale College, and the New Zealand Business Roundtable Executive Director, Roger Kerr, both of whom Dr. Smith was close to and both of whom were ideological soul mates with regard to the implementation of the bulk-funding policy. In fact, Kerr (1999, p.1) had warned bulk-funded schools that "the main source of many of the aberrations within education is the official educational establishment." He went on to assure ABFS members that they were not responsible for any of these educational aberrations and that the responsibility lay clearly with the

Government's spendthrift education bureaucracy which, he argued, should be reformed speedily if not replaced summarily.

Once bulk funding was actually scheduled to be revoked in mid-2000, the rhetorical protests moved into a higher gear. For example, Bronwyn Sell's *New Zealand Herald* article (18 May 2000), entitled *A Costly End to Bulk Funding*, reported that the ABFS had issued a press statement warning the public that its "283 constituent member schools would have to [soon] fire teachers and suffer crippling redundancy payouts and legal action." As an example of this type of consequence, it was asserted that Avondale College would have to "fire seven staff" immediately, thereby exposing "... the school to expensive personal grievance claims." The article also quoted the Henderson Intermediate Principal, Geoffrey Treanor, as having said that "abolishing bulk funding [would] increase his average class size to 36" ... while ... "children who needed specialist help would completely lose out."

By way of contrast, the PPTA view, as summarised by Cross (2003, pp.3-4), was that bulk-funded schools "had become, to a large extent, very unpleasant places [in which] to work" and that, far from increasing class sizes, the removal of bulk funding would actually diminish them because funds for salaries that had been siphoned off possibly for other projects such as prestige building programmes, would be released and made available therefore for more staff to be employed under centrally-determined salary contracts rather than school-based ones, the costs of which would have needed to have been met by the school authorities themselves. The PPTA's perspective was that educational workplaces would become more co-operative working environments after the Order-in-Council of June 2000 took effect. This prediction was the diametric opposite of the pessimism displayed by the ABFS at the time.

Fiske and Ladd (2000, p.312), looking from the vantage point of overseas commentators, noted the different viewpoints of both the supporters and opponents of bulk funding and recorded how upset bulk funding's supporters were with the

decision to terminate the policy. However, they attributed this behaviour to New Zealand's strong embrace of 'the New Right' in education policy terms at the time. They argued that New Zealand educational authorities had embraced New Right nostrums in education strongly - for example, the bulk funding of teachers' salaries policy – and declared that this embrace was a firmer one than were other societies' embraces of 'marketised education', for instance, even including their home country of the United States.

As has been seen in previous chapters this conclusion could be regarded as somewhat questionable in the light of earlier, more comprehensive, experiments in bulk-funded teachers' salaries in mid-Western states such as Wisconsin in the United States during the early 1990s. It would be an exaggeration to claim therefore that New Zealanders had undergone the most extensive experiment with bulk-funded teachers' salaries throughout the Western world.

It would seem more probable that some outside observers had succumbed to a case of wish fulfillment, namely, that they desired intensely that New Zealand fulfill their wish to be in actuality the most radical social laboratory in the world and, hence, a sort of 'folk devil' for the imposition of bulk-funded teachers' salaries. As I have noted before, when looking at Apple's (2005) later text, the concept of the radical New Right social laboratory was a continuing feature of the American historiographical school's reading of New Zealand educational history.

We should ask ourselves, however, whether this reputation for radical change was really deserved. Throughout the course of this thesis thus far, it has been argued that the reality of the bulk funding of teachers' salaries' policy which operated in New Zealand for most of the 1990s was that it represented a partial revolution rather than a wholesale radical change. The policy had to be adapted in order to suit the local realities 'on the ground' from before the initial introduction of the policy. As is evident from previous chapters the salaries' component of the bulk-funding equation was the

most controversial, and was therefore the most hotly-contested element during the critical planning years of 1987 and 1988.

Far from embodying the fixed rock of principle as envisioned by Fiske and Ladd (2000) among other American researchers, the bulk funding of teachers' salaries as a policy in New Zealand had actually enshrined the principle of compromise and of flexible administrative arrangements. This, then, was the hidden core of the bulk-funding policy. These flexible arrangements came about as a result largely of political expediency rather than of ideological principle. The exigencies of educational administration at this point in New Zealand's educational history meant that it would be incorrect to see the New Zealand experience as representing the most radical experiment of its kind to date.

It could be argued also that this post-1999 view of bulk funding as being 'radical' was anachronistic. This view from American researchers in 2000 failed to take into account the historical development of the policy in practice in New Zealand in the late 1980s and 1990s. If we look back briefly in order to recapitulate it can be seen that bulk funding had, in fact, been a result of both compromise and political pragmatism at the time.

Rather than radical experimentation a pragmatic, survival, mechanism went into effect. There was little appetite for any profound risk taking at that juncture. There was a definite perception in the late 1980s therefore that the Operations' Grant option should be activated in the first instance, because it was a much less contentious part of the bulk-funding package overall. In essence, it was a much safer option to introduce the Operations' Grant rather than to try to force through the Salaries' Grant half of the equation which had attracted a significant degree of opposition from as early as the months leading up to the August 1987 general election.

Pragmatism rather than radicalism prevailed thereafter. Hence, the Fourth Labour Government had announced their intention to introduce the implementation of the Operations' Grant in early 1988. Contemporaneously, the ongoing opposition to the putative Salaries' Grant scheme intensified over the next fifteen months. The outcome was that the Labour Government announced in April 1990 that they intended to defer the decision to implement the Salaries' Grant to an indefinite later date. The amount of political heat which had been drawn out by the mere proposal to enforce the Salaries' Grant dictated the political expedient of cooling down the intense criticism of the plan by means of the deferral of the Salaries' Grant decision. Certainly at the time, the PPTA (1989, p.2) and the NZEI reached the conclusion that their strenuous objections had succeeded in derailing or, at the very least, diverting the Government's efforts to impose the Salaries' Grant unilaterally.

In point of fact, it took the election of a new National Government in November 1990 to reanimate the process of introducing salaries' bulk funding and to breathe a sense of conviction and new life into the effort to present the pro-bulk funding case to the public. There was a sense that the previous Fourth Labour Government had put salaries' bulk funding into the 'too hard' basket. It took the advent of a 'conviction politician' in the form of Dr. Smith to bring the determination that was needed to 'fast track' the introduction of bulk funding.

These types of political compromises notwithstanding, the most significant concession to trenchant political opposition was Smith's 1991 decision to introduce salaries' bulk funding on a voluntary basis, a decision that we know already Smith had come to regret (Smith interview, 2011, p. iv). In addition, the voluntary basis clause also rendered the 1992 introduction of salaries' bulk funding to the status of a trial operation, even though the Government was anxious to stress in its 1991 Budget that the commencement of salaries' bulk funding in 1992 was part and parcel of a new direction in New Zealand education, rather than a mere trial.

Hence, there was a considerable element of self-deception in terms of the commentators from the post-bulk funding era's looking back at the time of the policy and interpreting it as a paragon of educational policymaking. The bulk funding of teachers' salaries was a mixed bag in policy terms and had involved always significant political compromises. American researchers' celebration of the New Zealand bulk-funding policy as a prime example of an uncompromising policy in practice tended to dovetail with the Association of Bulk Funded Schools' nostalgia for the bulk-funded past, thereby creating a golden haze of reverence among which to enshrine their fond memories of the now defunct policy.

However, in reality, the policy had been implemented partially on a nationwide basis rather than being applied universally. This was the famous voluntary provision that Smith condemned later as an erroneous approach which was purely the result of unsavoury political expedients. As I have stressed - largely as a result of the emphasis Smith himself placed upon it - with the benefit of hindsight, Smith believed that it would have been better for the then Government to have 'taken the plunge' and to have imposed bulk funding on a universal basis across the country unilaterally. (Smith interview, 2011, p. iv).

Smith's strong belief notwithstanding, it has emerged that this belief in the fallibility of the voluntary scheme was not, in fact, completely novel. It had been, rather, a consistent theme of Smith's addresses, particularly the early ones to his ABFS audiences from mid-1996 onwards. In point of fact, the immediate aftermath of the withdrawal of the bulk funding of teachers' salaries policy after June 2000 encouraged strong moves by the then political opposition (the National Party) towards revivifying the bulk-funding policy but in a more concentrated form; namely, as a nationwide, full-strength, compulsory bulk-funding model. Right-leaning political parties, especially the National Party in opposition, sought to propagate and publicise the benefits of bulk funding in both the 2002 and 2005 general elections.

The former partial bulk-funding policy that had operated in practice between 1992 and 2000 was now seen by Smith and the ABFS as undesirable. The National Party by the time of the 2005 election felt that they would have preferred to see full bulk funding instituted across the board, rather than having a return to the former voluntary policy (Peachey, 2005, p.78). This is the irony of Fiske and Ladd's (2000), and Apple's (2003) depiction of the 1992-2000 policy as being a solid example of New Right educational policy. Political parties on the right-of-centre spectrum did not see the actual operation of bulk funding as authentic enough ideologically and were in fact opting for more philosophically pure alternatives. These 'radical right' political forces were led mainly by the Association of Consumers and Taxpayers (ACT) political party. What ACT desired, above all, was the full privatisation of education at a national level in New Zealand.

As an influential education adviser and eventual Education Spokesperson for the National Party, the former Principal of Rangitoto College, Allan Peachey, was not prepared to support these more ideologically pure alternatives. Peachey was a true believer in the bulk-funding policy as it had operated throughout the 1990s, and sought to restore the system as it had existed back then. The only substantive change was that Peachey wanted the old bulk-funding system to be not only resurrected but also greatly strengthened so as to safeguard it from the predations of the nefarious teacher unions whom Peachey identified as the 'villains of the piece'. Peachey felt that the NZEI, and especially the PPTA, had acted as a fifth-column element undermining the bulk-funding system from within. Like Smith, Peachey had concluded that the luxury of a voluntary bulk-funding system ought not to be repeated. Rather, he now believed that a compulsory bulk-funding system ought to prevail. In his manifesto *What's Up with our Schools? A New Zealand Principal Speaks Out*, Peachey (2005, p.95) complained strongly about the decision to have abandoned the policy in the first place. He accomplished this via a series of progressively damning questions:

The abolition of bulk funding left a number of questions unanswered. Did the change of Government actually bring any new thinking to education policy? Did the Labour Party, on becoming the Government, fall into the trap – an inability to move education policy beyond the traditional barriers set by the education unions – to which left-wing Governments always seem vulnerable? Is there any other way to explain why an initiative as universally successful as bulk funding had to be so brutally squashed? Is there any other way of explaining how punishing successful schools in this way raises the standards of other schools? Why do we have to make bad schools look more successful by making successful schools look less successful?

Of course, in first posing and then attempting to answer this question, we run the risk of subscribing to one or other of the extremely politicised positions which Hawthorn cautioned against (1987, p. 161). The proponents of opposing views, in this case the teacher unions, are demonised while the favoured policy of bulk funding itself is lionised and viewed through a prism of nostalgia as a “brief, shining era” to quote Peachey (2005, p.97). The very nature of assertions is that they can be contested. It has been seen during the course of this thesis that the teacher unions had contested these types of assertions very vigorously, and that there was a general air of nostalgia with which proponents of the policy such as the ABFS had enshrouded the bulk-funding policy within. Hence the critical analyses of the bulk-funding policy contained in the PPTA Conference papers of 2002 and 2007. Peachey (2005, p.95) seemed to believe that these conference papers were analytically fraudulent exercises which had been designed solely to maintain the steady drumbeat of anti-bulk funding assertions.

Peachey also asserted that the removal of bulk funding had ironically strengthened private or independent schools, which were ones that were not favoured by the teacher unions or by the left-wing educational intelligentsia. He argued that the roll growth in these independent schools had taken place because state schools had reverted to their former centralised salary models which, in his view, retarded the

development and progress of creative and innovative teaching. Therefore, parents who wanted to avail themselves of such innovative teaching for their own children had to have recourse to independent school systems. Peachey (2005, p.95) expressed his point in the following manner:

Of course, the independent schools were quietly delighted, or if they weren't they should have been, at seeing a Labour Government – traditionally hostile to independent schools – put the bulk-funded schools back in their box and slam the lid shut. The irony of politics.

The abolition of bulk funding was portrayed by Peachey (2005, p.97) as a tragedy:

The real tragedy of [the] abolition of bulk funding was not the loss of the gains that had been made, considerable though they were. No, the real tragedy was the loss of future opportunities. Many bulk-funded schools were finding solutions to such vexed issues as teacher workload. The key, of course, was that some schools were finding solutions at a local level and those schools had been punished severely for their innovation and success.

The sense of opportunities lost punctuated Peachey's interview with me in May 2011. Peachey really believed that school authorities would have been able to achieve great things if they had remained free, in his view, to pay teachers according to their just deserts instead of having to adhere to a national and centralised teachers' salary structure.

As we have seen constantly, Peachey (2005) conveyed a palpable sense of anger about what he viewed as being the waste of potential in the New Zealand education system. He laid all the 'failures' in terms of curriculum, poor test results and misbehaviour at the door of centralised planning for teachers' salaries. Peachey had felt that if there had been continued freedom to make financial decisions regarding the employment of teachers, then the human potential of those teachers would have

been unleashed. He maintained that the results at a national level would have been quite different, reflecting success and not failure, hence his use of the metaphor of 'tragedy' to describe the removal of the bulk-funding policy.

In the course of his interview in 2011, Peachey (2005, p.97) echoed the exact sentiments expressed in his earlier book and referred to the opportunity of leading a bulk-funded school during the 1990s as a "privilege":

Those of us who had the privilege of leading bulk-funded schools and who led schools through the brief, shining era of school self-management, look back on the 1990s with great fondness... Those were the days! When we could provide genuine educational leadership to our schools; we took the initiative and develop[ed] innovative and original solutions to improve student learning. Those were the days when we could make a difference. The only principals who do not look back on those days as the highlight of their careers in education are those who were so tied to union or political ideologies that their minds were too closed to see the possibilities of bulk funding and the other opportunities that self-management offered.

For Peachey, the lynchpin of self-management was the ability for a school or, more tellingly, a school principal, to manage staff salaries in the manner which he/she thought most appropriate to realise a school's best interests. He stressed once and again during his interview that an appropriate salary structure, determined independently by the school's leaders, was the best method by which to unlock human potential. He repeated the idea that the most successful schools, with the best innovations, were whose authorities were free to pay their staffs according to the successful results which they themselves had been responsible for obtaining. It was evident that Peachey must not have seen any downsides to this line of argument.

Without the freedom for the principal to manage the salary structure, Peachey (2005) felt that there would be a stifling of initiative, innovation, and of all round 'good teaching'. He added in his interview (Peachey interview, 2011, p.xxxvii) that bulk funding had been "brilliant" because it allowed for more ancillary staff to be employed. Peachey referred specifically to the case of Rangitoto College, but extended it by association to all other primary and secondary schools whose authorities had participated in the bulk-funding initiative between 1992 and 2000.

Peachey clearly personified a lingering sense of bitterness in the aftermath of the removal of the bulk-funding policy. His was the most influential voice in creating the golden light of an afterglow; an aura of gentle nostalgia which suffused memories of the policy which had operated during the 1990s and which also informed debate about whether to reintroduce the policy throughout the early years of the new millennium. He sounded a clarion call on the basis of student potential thwarted and denied. As he opined in his final paragraph of Chapter Seven, *Back to Yesterday* (2005, p.97):

To think that opportunities were lost, not on sound educational grounds, but because the Labour Party owed a debt to the teacher unions. We can be a pathetic country sometimes. What has been gained by taking us back to yesterday?

The irony of this rigid view in this case, of course, was that Peachey was recommending a return to yesterday himself. He was recommending a return to the yesterday of the 1990s, an era in which the bulk-funding policy operated in practice. But this was actually a competing 'yesterday' with the 'yesterday' of the status quo, the centralised nationally-determined salaries system which depended on teachers' earning the right to proceed to different and higher salary grading points according to their length of service, largely. Peachey believed that a system which had relied so heavily upon formal qualifications and seniority had served the New Zealand

education system poorly and that it had, in fact, suppressed teachers' potential to work diligently to achieve the best possible results.

However, as has been demonstrated throughout this thesis, the laissez-faire system for determining teachers' salaries had been employed in New Zealand in prior historical eras, notably the Victorian age. Peachey (2005), in point of fact, was advocating unconsciously a return to the nineteenth century status quo.

What this thesis has been able to uncover by recourse to a wider historical overview has been the identification and analysis, subsequently of the cyclical nature of teachers' salary regimes in the New Zealand context. Kliebard (1976, p.13) had unearthed similar processes taking place in American educational history, which had been complicated by the different measures and responses of individual states and their constituent education boards within the wider federal union. The first century of New Zealand's educational history showed a marked tendency to entrust teachers' salaries to either local or private agencies, and for the state to play a minimal role in determining salary levels and extraneous remuneration issues.

It was the fact of the wide discrepancies between various New Zealand regions and different educational institutions in the late nineteenth century which helped to set New Zealand on the course of having centralised teacher salary scales for the greatest part of the twentieth century. The bulk-funding policy was in many respects a throwback to the predominant situation of the previous century. But it took a different form after a century's worth of centralised teacher salary scales. As Peachey (2005, p. 97) had pointed out, the "brief, shining era" was not of a particularly long duration.

In many ways, the energetic Peachey campaign to restore bulk funding could be considered as being one of situational conservatism; to conserve something that he believed to be of inestimable value rather than to further any radical right-wing revolutionary agenda. The nostalgia that was felt evidently for the "brief, shining era"

translated into an intense desire to restore the bulk-funding policy 'in toto' as it had existed for the greater part of the 1990s. As has been noted before, the only real substantive change that was proposed at this juncture was to protect the bulk funding policy to a much greater degree by granting it a compulsory status instead of a voluntary one.

These types of decisions were translated into political campaigns inevitably. While the ACT Party prescribed remedies based upon their libertarian nostrums - such as calling for a complete privatisation of the state education system and full independence for all educational institutions, regardless of their formal accredited status or otherwise - the main opposition National Party was more conservative in its approach during the first decade of the new millennium. In many ways, the conservative principles adhered to by Allan Peachey with regard to the bulk-funding policy of the 1990s drove the agenda at this point in time. Both the 2002 and 2005 National Party political manifestos included policy statements which spelled out the need to restore the bulk funding of teachers' salaries in its entirety as an educational policy.

Before the interview proper commenced, Peachey made a comment that he had ensured personally that bulk funding was a core part of the National Party's education policy proposals for the 2005 election. In the 2005 Manifesto, for example, the call to restore bulk funding was listed as the first item on the 'wish list' of bullet-point-listed demands that must have, no doubt, been ranked in terms of their priority status at the time. The return to the 'yesterday' of the bulk-funding era sought by Peachey was deemed to be important enough to be given a prominent place in the National Party's bid for election in 2005. Under the then Leader, Dr. Don Brash, this bid almost succeeded in winning The Treasury benches for a more conservative political coalition led, first and foremost, by the National Party.

The embers of the afterglow of the bulk-funding policy were poised to be fanned into flames evidently as the brighter spotlight of national media attention was focused

once more upon the policy of bulk-funded teachers' salaries which had occurred a full decade before. For example, the *New Zealand Herald's* Sunday supplement (5 July 2005) featured an editorial which mentioned interviews with former and current members of the ABFS under the byline 'Happy Days are Here Again'. Peachey's (2005) book published at this time, and just in time for the general election. Probably, this publication was not an entirely coincidental or spontaneous event.

My e-mail interview with Dr. Brash in October 2011 (Brash interview, 2011, p. ix) established also that Brash still believed in the principle of local community control being exercised over teachers. The PPTA (2007, p.12) conference paper explained how Brash had been happy to endorse a revival of the bulk-funding policy when he was the leader of the National Party in 2005 but that by late April 2011, when he had assumed the leadership of the ACT Party, in a somewhat stunning example of political sleight of hand Brash declared that more radical, right-wing, education policies were in order. ACT was interested in establishing Charter schools on a nationwide basis, for example. In truth, ACT was aiming ultimately for the complete privatisation of the New Zealand education system. However, it appeared that in late 2011 bulk funding was not an especially urgent priority for the then ACT leader. ACT education policy, as articulated by Brash (Brash email interview, 2011, p. ix), seemed to have been sketched out with rather broad brushstrokes. It was concerned with general philosophical principles rather than with specific detail.

At this juncture, Brash preferred to keep the profile of bulk funding somewhat more muted and to have it as part of a raft of educational initiatives instead of allocating a starring role to it. Peachey had been a supporter of Brash in the leadership role of the National Party, and it would be reasonable to assume that there were political loyalties between these two Members of Parliament and that this loyalty had influenced the development of policy at the time. However, the failure of the National Party to secure The Treasury benches in the 2005 general election seems to have put a dampener on the policy's prospects, tarnishing it with a sheen of relative failure and casting doubt on its appeal as a viable, 'vote getting', educational policy.

By the time that the National Party's 2008 Manifesto, under post-October 2006 leader, John Key, was released the bulk-funding policy was mysteriously missing from the National Party's publicly-stated agenda for education. In fact, if bulk funding was noticeable at the time it was chiefly for its absence. The former Secretary of Education, Howard Fancy, had suggested in his interview with me in July 2011 (Fancy interview, 2011, p. xi) that pragmatism often tended to trump ideology in any discussion of education policy at the highest echelons of the National Party.

This factors may help to explain the then Prime Minister Jim Bolger's abandonment of Smith as Minister of Education in March 1996 and the subsequent 'go slow' in terms of the imposition of the bulk-funding policy. Given that there had been so much political scandal emanating from various high-profile cases of bulk-funded schools - such as Waimea College, which had created media headlines in February 1996 - it appeared that Bolger was eager to disentangle the National Government from any potential complications arising from any controversial decision by a militant principal or board of trustees to compel their school unilaterally to accept bulk funding, no matter how the staff might feel. This was what had occurred in the cases of Waimea College and Wairarapa College, to name but two of the affected schools.

During the same interview, it was implied that the same process of disentanglement had taken place at the highest levels of the opposition National Party after the frustrations of the narrow loss at the 2005 General Election. Because the bulk-funding policy had continued to generate ongoing controversy and had failed to enthuse National Party activists or fill them with a sense of missionary zeal, Fancy believed that bulk funding had been shelved quietly in favour of more pragmatic and saleable educational policies such as the need for compulsory National Standards, especially in terms of primary school literacy and numeracy. In Fancy's world view, expediency would trump ideology more often than not, above all in cases where ideology compromised the National Party's ability to attract votes.

Needless to say the PPTA reports, especially those delivered to the 2002 and 2007 National Conferences, failed to share the enthusiasm for the “brief, shining era” (Peachey, 2005, p.97), instead highlighting the failures of the bulk-funding policy which Peachey (2005) had showcased in his book. On the contrary, the PPTA displayed an attitude of great relief after the cancellation of bulk funding, consistent with their having escaped an intolerable fate. As one of the speeches at the 2002 PPTA Conference (PPTA, 2002, p.1) put it memorably: “...Bulk funding must not be allowed to rear its ugly head again.”

Again we find ourselves in the territory of extreme polarisation where, as Hawthorn (1987, p.11) has shown, two sides often maintain equally irreconcilable positions and defend them ‘to the death’, as it were. In such a milieu, there is no meeting of minds nor any true compromise but, rather, a presentation of diametrically opposed policies which run on parallel but quite separate tracks, and which never seem to intersect with one another. At the same time as Peachey was reiterating his calls for bulk funding to be reintroduced, the PPTA was exhorting its members to combat the return of bulk funding by any means possible.

Therefore, the future of New Zealand’s educational policy development was ‘up for grabs’. Which viewpoint was going to prevail was a leading question at the time. Both sides were marshalling their forces and preparing for the optimal moment in which to strike.

As argued in Chapter Eight, the consistently ‘rejectionist’ attitudes embodied by the teacher unions such as the PPTA and the NZEI did bear fruit eventually. During the decade of the 1990s itself, the consistent campaign against the imposition of bulk funding had worn the Government down somewhat, as Fancy had described with reference to Prime Minister Bolger’s slowing down of the process in 1996, personified in the changing of his Minister of Education from Smith to Creech. It also seemed that the wearing down process was being repeated in the early years of the new millennium as well. The teacher unions decided to reject any attempts to bring

the policy back, and were active particularly in denouncing bulk funding at both the 2002 and 2005 general elections. The PPTA, especially, embodied a continued and consistent resistance to the prospect of resurrecting the bulk funding policy.

After the National Party's disappointment at the narrow 2005 general election loss it appeared that the political price of seeking to reintroduce bulk funding became too high, even for the most vocal supporters of the scheme within the National Party. There was so little return on the bulk-funding policy, given the flinty soil in which it was expected to grow and thrive, in that the relative cost of sidelining the bulk-funding policy decline. The 2008 National Party manifesto was published without the return of bulk funding being listed as a National Party education policy. National Standards had by then overtaken it.

Peachey's role as Education Spokesperson for the National Party was superseded with Anne Tolley being appointed to the role of Education Spokesperson for the Opposition in February 2008 during the 2008 election year. As Hawthorn (1987) had noted, when public relations campaigns are pursued and promoted consistently, they can be extremely successful. Opponents can change course and jettison policies which are seen as liabilities. By the winter of 2008, the bulk funding of teachers' salaries policy was seen as a political liability. It thus disappeared without fanfare from the official educational policy releases of the National Opposition. The embers from the afterglow of the policy had indeed seemed to have grown cold.

My interviewees, particularly those still involved in national politics in 2011, notably Dr. Smith - by then the Speaker for the New Zealand Parliament - tended to deny that there had been any conscious decision to abandon the bulk-funding policy. Some interview subjects preferred to give the impression rather, that restoring bulk funding was still an eventual goal of the National-led Government's education policy, albeit a much less prominent one. Smith demurred explicitly when I asked him the question as to why the restoration of bulk funding had not featured as a key policy in the 2008 Manifesto.

However his uncomfortable body language and lowered eyes, thereby breaking eye contact with me, told it all. It appeared that former public servants, such as Howard Fancy, had more latitude with which to express their doubts about the bulk-funding policy, though. As a former Alliance Member of Parliament, Liz Gordon also seemed convinced that bulk funding had been dropped summarily because it was a political 'hot potato'.

In the wake of the 2011 general election the ACT Party, represented by former Associate Minister of Education, John Banks, seized the initiative in education policy. The Charter Schools policy became ACT's and, above all, Banks' personal price for a coalition agreement, according to press statements issued by Prime Minister Key's Office in December 2011. The issue of the restoration of bulk funding has tended to fade more into the background in the years since. As of the end of 2015, the issue of the resurrection of bulk funding has yet to re-emerge into the limelight!

CHAPTER TEN

CONCLUSION

The education policy underpinning the bulk funding of teachers' salaries lasted for but "a flicker of time" as Shirer (1960, p.3) might have described it, but this policy had an impact that far outweighed the comparatively short duration of its actual life. This is because bulk funding was a policy with significant implications for the future of education in New Zealand, even while it operated only between 1992 and 1999.

The bulk funding of teachers' salaries was controversial as a policy even before it was implemented. During the mid-to-late-1980s, education sector interest groups and the teacher unions such as the PPTA and the NZEI reacted negatively to the proposition of bulk funding once they got wind of the likelihood of its being put into action. In fact, opponents of the policy were ready to take joint action right from the outset in order to prevent the bulk-funding policy from being put into operation or to impede its progress.

However, the election of a National Government in November 1990 guaranteed that the implementation of the policy would become a priority. Whilst in Opposition the Education Spokesperson Dr. Smith had supported the idea of bulk funding, and in no small measure bulk funding came to be seen as an ideological test case and, furthermore, as a test of Smith's resolve to initiate and to sustain educational change. Nevertheless, the depth of opposition that had built up over time, especially since 1987, ensured that there had to be some degree of compromise in order for the policy to proceed. The bulk funding of teachers' salaries could be advanced no longer in its purest ideological form as an unfettered free right for school authorities to determine all salaries. Bulk funding had to emerge from a negotiated position of compromise, therefore.

Even though New Zealand had had a history of imposing policy from the centre, as happened under the Muldoon Government (1975-1984) and with the succeeding Lange Government (1984-1989) - especially under the influence of Minister of Finance Douglas (1984-1988) - in the particular case of the bulk funding of teachers' salaries a political decision was taken that the policy could not be imposed wholesale on each and every school in New Zealand. On the contrary, it was decided to introduce it on a voluntary basis. This strategy meant that school principals and boards of trustees who were convinced of the merits of accepting a bulk sum of money from which to distribute their teachers' salaries would choose to opt into the scheme. It was an additional bonus if the majority of the staff at such schools were also in accord with these decisions, but it was not an absolute prerequisite, as examples such as Colenso College in Hawke's Bay and Waimea College in Nelson, which have been considered in Chapter Eight of this thesis, have shown.

Dr. Smith, in the course of his interview with me (Smith interview, 2011, p. liii), had come to view this non-compulsory status of bulk funding as the cardinal error committed by the National Government, of which he was a significant member. He came to regard the compromise as being a sign of weakness and as a tacit admission of defeat rather than as a sensible implementation of policy which followed on from the decisions made by the Fourth Labour Government who had, after all, sponsored the Picot Report (1988) and *Tomorrow's Schools* (1988) which had laid down the blueprint for salaries' bulk funding.

Smith saw the bulk-funding policy in 1991-1992 later as having been hamstrung owing to this fatal error of compromise. Of course he was speaking from a perspective of two decades later and he was thinking no doubt of all the intervening events which had taken place in education policy between 1991 and 2011. However, Smith implied strongly that he had felt the same way during the actual decision-making period in 1991 and that he had, in fact, been obliged to accept a compromise which he did not support willingly. Other like-minded interviewees such as the late

Allan Peachey, one-time Opposition Education Spokesperson, as well as the former Secretary of Education, Howard Fancy, had mused also that it might have been preferable to have instituted the bulk-funding policy at the time compulsorily. Peachey and Fancy concurred, therefore, with Smith's retrospective analysis.

Peachey and Fancy had both come to believe that the bulk-funding policy could reasonably have been expected to have had a greater chance of eventual success had it been applied across the board, without the voluntary opting-in provisions. Fancy (Fancy interview, 2011, p. xi), however, conceded that there had always been profound opposition to the bulk funding of teachers' salaries and acknowledged furthermore, that it was a shrewd sense of realpolitik which had led former National Party Prime Minister Bolger to place the policy 'on ice' and eventually to apply brakes to any increases in the number of schools joining the scheme in 1996.

Fancy saw this jettisoning of bulk funding as being inevitable, given the barrage of negative publicity which the policy had occasioned at that time. It has to be remembered that 1996 was the year when alarming headlines about the Waimea College stand-off between the Principal and Board on the one hand, and the PPTA Branch and staff on the other, were dominating news headlines - for example, on the Kim Hill (8 February 1996) 2YA radio broadcast mentioned in Chapter Eight.

Smith, in Fancy's view (Fancy Interview, 2011, p. xi), was seen by Bolger as having been too doctrinaire in his approach to implementing bulk funding. Fancy conjectured, therefore, that the Prime Minister had decided to opt for the less confrontational personality of Wyatt Creech who replaced Smith as Minister of Education in March 1996. This was the key observation that Fancy made during his interview, and it was the one idea that he expanded upon at length. In his view, politics was the art of the possible and bulk funding had become a liability for the Prime Minister. It was one which had, furthermore, driven a wedge between himself and Smith. It was predictable that there would need to be political compromises, and in such a political climate bulk funding was chosen to be the casualty.

Given the historical overview and investigation of the bulk-funding policy and, above all, the interviews with the politicians and educational administrators who had promoted teachers' salaries bulk funding most strongly as an educational policy, the particular historical case study in this thesis could be seen as providing a useful template for and an earlier precursor to subsequent policy development, especially under the National-led Governments which have been in power since November 2008.

During this period of the current National-led Government the Charter or Partnership schools' educational policy, demanded by the ACT coalition partner as their price for entering Government in 2011, has attracted some strong resistance, much as bulk funding did in the 1990s. Some of the groups resisting, such as the PPTA and NZEI, had also resisted the earlier bulk-funding policy.

The controversy surrounding the Charter or Partnership Schools' policy has some similarities with the controversy stirred up by the bulk-funding policy, although it must be noted that with charter schools, existing state schools are not being invited to become charter schools. Bulk funding impacted upon existing state schools in the 1990s in a variety of ways. As with the overseas research cited by the PPTA from the time of the Munro Report (1989) through to the reports of the 1990s, overseas research showed different levels of success for charter school models used in various English-speaking countries. The Treasury (1987), for instance, had cited the state of Wisconsin earlier as an excellent example of the success of bulk funding, a claim which Munro (1989) had questioned.

The type of massive resistance that bulk funding attracted showed the cumulative effect of growing opposition. Sarah Boyd's *Evening Post* (20 August, 1996) story, entitled 'Education policies with wealth of detail', had highlighted a survey showing that sixty per cent of respondents disagreed with bulk funding. Therefore, the model of political compromise shown in the earlier bulk-funding policy would seem to have had something useful to offer to future policymaking. Any radical 'reform' in the

context of New Zealand education would seem to be handled best with a partial application of the given education policy rather than to implement it on a nationwide basis. However, the other lesson to emerge from New Zealand's educational history would seem to be that this spirit of compromise would not be a guarantee of success in and of itself necessarily.

It would seem important to build up a reservoir of support among the general public and, even more importantly, from among the educational community if such an education policy as bulk funding was to be pursued and to succeed. More popular policies, such as the Reading Recovery Scheme (2000-2015), could achieve a greater measure of acceptance among the public because it focused on improving children's reading and took an inclusive approach. Such policies, it could be suggested, would have a potentially greater chance of eventual 'success.' In fact, this thesis has shown that the Liberal Governments of the late nineteenth and early twentieth centuries sought consciously to build up popular support for their education policy of centralising teachers' salaries on a national basis.

What this thesis has also been able to show is that a policy such as the return to the decentralisation of teachers' salaries in the late twentieth century relied upon its being imposed by the central government upon the localities. This policy was a mirror of the process of the mid-nineteenth century. A series of historical cycles has taken place therefore with regard to the issue of teachers' salaries. Bulk funding might not be as innovative or novel as its proponents in the late 1980s would have liked to have the public believe.

Conclusions

What has been found is that the genesis of the bulk-funding policy had a much more distant point of origin than has been acknowledged hitherto. Bulk funding did not emerge out of an historical vacuum. Rather, it was a policy which had been almost

one hundred and eighty years in the making by the time of its implementation in 1992.

The theme of centralisation versus localisation has been absolutely integral to the development of the argument of this thesis, right from the start of Chapter One. As described in Chapter Three Moon's (2006) research showed that the Bay of Islands' Maori communities, during the early contact period (1815-1840), wanted to have local control over any payments made to their church mission school teachers. In these early interactions between Maori and Europeans, local Maori wanted to have control over education in order to give their children the best chance to adapt to a future that was being dominated increasingly by European technology.

In Chapters Four and Five, it could be seen that an historical line of descent could be drawn down to New Zealand's Maori communities of the mid-twentieth century and then to the more modern ones of the late 1970s and early 1980s. The Maori iwi wanted the same type of control over the school teacher salaries in their communities' which their tipuna or ancestors enjoyed. In Chapter Four we can see that it was difficult for Maori communities to wrest any control from the central education bureaucracy who jealously guarded their privileges to appoint, grade, promote and, crucially, to pay their teachers. Nevertheless, Chapter Five showed that by the early 1980s there was a feeling of some change being in the air.

At that time, early Kura Kaupapa Maori school leaders as well as community leaders and politicians such as John Tamihere (1986) articulated their people's strong feelings that Maori should regain control over these matters, especially over the issue of paying their own teachers. That is why bulk funding came to be seen as attractive by many Maori during this era. The many hui that Tamihere attended endorsed these incipient ideas of bulk funding, ideas which had emerged from the crucible of the Comber Report (1981).

In Chapter Eight, there were also many reflections from key participants in the bulk-funding policy of the 1990s. This process of looking back which they undertook turned out to be more significant than I had anticipated at first. The net result was that the interviews served to illuminate much of the archival material, and brought the issue of bulk funding to life by means of actual, 'real world', examples. The interviews also introduced a surprisingly raw edge to proceedings in many cases. My tape-recorded conversations with Peachey (Peachey interview, 2011, p. xl) unleashed much bitterness on his part. From his point of view, the enemies were the teacher unions who led the anti-bulk-funding movement in the 1990s. Hence, the pejorative reference to them as "bastards". The epithet was delivered with real venom. This was an uncomfortable process for me as a researcher, because I had not been anticipating that level of vitriol. A type of negative masculine energy seemed to be in operation, and it could be speculated that the defeat of the bulk-funding policy in 2000 and the unlikeliness of its return at that point in May 2011 had stoked the fires of Peachey's rage. It must also be remembered that I caught Peachey just prior to the recurrence of his illness which proved to be terminal in October 2011. I have often wondered since if ill health had had an effect on the rancorous temperament which I witnessed him displaying.

In contrast to these angry recollections, my interviews with former PPTA national President, Hearn Smith, and former Alliance politician, Gordon, struck me as congenial and filled with collaborative female energy. It seemed no accident to me that much of the research on bulk funding carried out in subsequent years by the PPTA and the NZCER was likewise conducted by women researchers such as Bronwyn Cross (2003) and Cathy Wylie (2007) who reflected this cooperative approach. The benign picture which Hearn Smith and Gordon presented was difficult to reconcile with Peachey's sulfurous recollections. Of course some women, such as Austin (Austin interview, 2011, p.iii) went on record as being in favour of bulk funding but, like the principal of Primary School X whom I interviewed in Auckland in 2000, they presented the pro-bulk funding case reasonably and professionally without any eruptions of unrestrained emotion.

Bulk funding has emerged therefore as a more complicated phenomenon than has been thought previously. Past research, as pointed out in Chapter One, has tended to describe and analyse bulk funding in terms of a neat division between host schools' 'right wing' and rejectionist schools' 'left wing' beliefs. 'Right wing', pro-bulk funding schools were often higher socioeconomic status (SES) schools in wealthier city suburbs, such as in my earlier Master's thesis' Auckland case study school (Primary School X interviews, 2000, p.i). Higher SES schools, by comparison, were purported to be schools which were disposed more favourably towards bulk funding. However, I explained in Chapter Five that ostensibly 'left wing' Maori-run Kohanga Reo and Kura Kaupapa Maori also endorsed bulk funding because they felt that it was beneficial for their community's wider self-interest. This is another crucial point; namely, that self-interest has guided the course of the bulk-funding debate, often.

All of this investigation, in fact, implies that both the perceptions of researchers and the New Zealand public's view of bulk funding have been rather too simplistic in the past. The high degree of polarisation engendered by bulk funding, in addition to the public relations campaigns undertaken by both the government and teacher unions - as explained in Chapter Seven with its references to the wider implications of polarisation and as analysed by Hawthorn (1987) - has meant that people have come to view bulk funding in terms of two irreconcilable sides.

Researchers and analysts have tended likewise to view bulk funding strictly in schismatic terms and have often written about a zealous pro-bulk funding group versus an antagonistic opposition. The administrators and/or teachers about whom researchers wrote frequently as their subjects, often obliged by expressing diametrically opposed views. Depending on these subjects' social connections and/or political affiliations, their views tended to be antithetical predictably. This expression of opposite views helped to reinforce the picture of a permanent and very discernible divide between supporters and opponents of bulk funding.

This thesis revealed, as noted in Chapter One, that there was a pronounced split in views. For example proponents such as Smith and Peachey, during their interviews with me, mourned the lost opportunities of bulk funding and painted a picture of the golden era of the 1990s when bulk funding was in operation in some New Zealand schools. Opponents such as Gordon and Hearn Smith, on the contrary, shed few tears for the “dog’s breakfast” (Gordon interview, 2011, p. xxii) of a policy which they felt had blighted New Zealand’s educational landscape. These sharply-contrasted points of view lent a tang to the early paragraphs of Chapter One of this thesis when they were placed side by side. The juxtaposition also served to highlight the deep chasm of feelings between the two sides. This division has been explored often in the existing literature on bulk funding in New Zealand, although I have explained earlier that this is not the whole picture. In fact, the caricature of division over bulk funding masks a more complex reality.

In addition, confusion has also been deepened by the fact that other members of the school communities surveyed in earlier literature, such as Woodhouse’s (1999) thesis about bulk funding in Bay of Plenty schools and my own earlier Master’s thesis research (Bayer, 2000), also reflected this split. As I discovered in 2000, some participants in the interviews I conducted at Primary Schools X and Y tailored their positions sometimes to suit the prevalent views in their own institutions. For example, teachers at the rural Northland school that I visited (Primary School Y interviews, 2000, p. xi-xvii) talked of the solidarity among the staff in opposing bulk funding while referring to a school manager who had been instrumental in introducing bulk funding to the school and then championing it after 1992, as a completely isolated figure.

On the opposite side of the ledger, some interviewees from the affluent urban primary school (Primary School X interviews, 2000, p. iii-x) inferred that there had been a discernible amount of pressure placed by management personnel upon teachers to ensure that they toed the pro-bulk funding school party line. Teachers who had not endorsed bulk funding had moved on by 2000 and, by implication, had

been encouraged strongly to move on by senior members of the pro-bulk funding management team. Therefore, even my own research has highlighted the existence of divided views on bulk funding, both in the past and in the present.

However, despite apocryphal and actual evidence of the profound division in opinion fomented by bulk funding, what this thesis has demonstrated is that it is unhelpful to view bulk funding only through the lens of a permanent division. It is too restrictive to divide the participants in the bulk-funding policy into neatly-paired halves - for instance, with the 'right wing' half supporting bulk funding and with the 'left wing' half opposing the policy.

The profound split in opinion which was revealed in the antithetical quotations attributable to Peachey and Gordon, and which appeared at the beginning of Chapter One, must reflect surely a more profound and subtle social realignment. This social realignment was exemplified in the case of the Maori educators and community leaders whose views were analysed and cited in Chapter Five. These Maori leaders were not going to let the opportunities afforded by bulk funding pass if they thought that it could be of great use to their communities.

In relation to ethnicity and education policies such as bulk funding, Kliebard's (1999) analysis of African Americans in the United States' education system proved to be significant especially because it showed the existence of similar tensions in a different international context. African Americans were recoiling from the centralised state education systems, and were trying to explore the possibilities of a different style of educational development. They sought something quite distinct from what they regarded as being the mainstream White Anglo-Saxon Protestant educational arrangements.

Similarly in the case of New Zealand, the disputes over bulk funding in the 1980s and 1990s laid bare the fissures between Maori and Pakeha aspirations for Maori schools. Maori, in many cases, did not want to follow the centralised Pakeha model

any longer. They wanted to hire their own teachers and pay them their own salary rates. Maori iwi could seize upon this tool therefore in order to follow their own developmental ideas for their children's education, just as Kliebard (1999) had shown with African Americans fighting to develop their own autonomous educational style within their own autonomous educational institutions.

This was revealing material in that it uncovered the fact that bulk funding was, in many cases, not a part of traditional 'right wing' territory. What was true for Maori was also true for other diverse groups such as Pacific Island communities or for denominational Christian churches. If the Maori as the tangata whenua of Aotearoa had started to establish their own Kura Kaupapa Maori as early as the 1980s, then New Zealanders with Pacific Island backgrounds maintained that they should start to establish their own schools in the early 1990s. These embryonic Pasifika schools were set up often along similar lines to the Maori Kura Kaupapa, in that there was a stress upon indigenous language recovery. Furthermore, Kristin College on Auckland's North Shore is an example of a private school which was originally set up by elements within the Methodist Church and the former St Anne's School in Takapuna. These types of special interest school authorities reacted favourably in general to the concept of bulk funding teachers' salaries, especially if there could be some advantage for them as administrators from adopting bulk funding.

There were other special interest schools, too. For example, Arts or Drama academies or alternative, politically 'liberal', schools such as Auckland Metropolitan College had been in existence since the early 1980s. There were even one or two schools whose authorities focused on the education of girls and young women exclusively. Some of the administrators of these institutions felt that they might do well out of bulk funding, and some of the above schools do not fit the image of the 'right wing' bulk-funded school. Therefore, bulk funding has indeed presented a more complex reality than has been explored and represented hitherto, and it is a complex reality which this thesis has sought to describe and to delineate.

What the heterogeneous collection of special interest schools had in common, though, despite the ostensible differences between and within the 'right wing' versus 'left wing' labels, was their school authorities' willingness to adopt or at least to experiment with new forms of educational administration. Bulk funding had some degree of attraction for these personnel, an appeal based in no small part upon the opportunities for the freedom to hire, reward, and redistribute staff as school administrations saw fit. This was a privilege which Sharples (1992) and Tamihere (1986) had wanted for Kura Kaupapa Maori schools in the 1980s. Bulk funding had an appeal for special interest schools, therefore.

This, then, is the point which has been neglected in the previous literature on the subject. The majority of commentators have preferred instead to adhere to the traditional 'left wing' versus 'right wing' labels, as has just been discussed. The schism between the supporters and opponents of bulk funding did indeed exist historically, although its extent may have been exaggerated. It is also understandable that this schism constitutes an interesting phenomenon, and as such has acted as a magnet for researchers. However, it is my contention that the exclusive focus on the two sides - the proponents and opponents of bulk funding, in conjunction with the traditional schismatic "left wing' versus 'right wing' interpretation- has had the result of limiting our understanding of bulk funding.

The controversial nature of the policy has limited our view of what was, in essence, a very complex phenomenon. For instance different ethnic groups from the European majority population and various types of schools, and sometimes those associated with the stereotypically 'left wing' side of New Zealand politics, wanted at various times to take advantage of the 'freedom' associated with bulk funding.

Final reflections on the entire research process

Blainey's (1966) title, *The Tyranny of Distance*, certainly applied to the process of my completing this thesis. I was well removed from New Zealand geographically,

working as I do in Hong Kong and sometimes travelling to work in China that it became difficult on occasion to access the New Zealand Archives, the interviewees in New Zealand, and other New Zealand sources which I relied upon for my research. Therefore, holiday periods, whether they represented 'Western' celebrations such as Christmas, or Chinese festivals such as the Lunar New Year, had to be capitalised upon. Consequently the constraints which I experienced concerning the availability of resources and my access to such resources had to be factored into the research process as a whole.

In addition, as Chan (2008, p.259) has pointed out, teachers often occupy a position of respect, high status, and good salary levels in Confucian values-based education systems such as Hong Kong's. It was sometimes a challenge to maintain an emotional distance when my interviewees placed a stress upon the lack of respect New Zealand teachers felt certain politicians and educational administrators had shown towards them as teachers and to the teaching profession in general.

It was also unusual for me, coming from an East Asian school system which is largely conflict averse, to step into a 'lion's den' of barely unabated anger. I had felt that one or two of my interview subjects showed little regard for each other's views, especially at the moment when teacher unionists were dubbed "bastards" by Peachey as I have outlined just a little earlier in this chapter. The lingering unpleasantness which bulk funding had left in its wake acted as a brake upon my research, at times, and seemed particularly off putting when I had travelled so far down to New Zealand from my East Asian consensus-based teaching environment. Of course the macro-political environment in Hong Kong has not been devoid of conflict, though, however peaceable the school environments themselves might be. The political and civic convulsions attendant upon the Occupy Hong Kong movement from August 2014 onwards also served as an impediment to completing the thesis.

Final statements

We now need to trace the arguments back to the beginning of this thesis. One major discovery that I made at the outset of this study was that it was important to restrict the topic being investigated solely to the bulk funding of teachers' salaries. Accordingly, associated issues such as 'performance pay', which were seen sometimes at the time as being issues that were complementary to bulk funding, were touched upon only lightly, although they could well form the basis of future research. In reality, there was sufficient material on teachers' salaries to more than fill the historical research quota.

It transpired that there was ample historical material on New Zealand teachers' salaries which could be accessed and analysed subsequently. Nineteenth century examples, starting from 1815 with the establishment of the first mission school, might not have represented modern bulk funding per se but they showed the existence of a strong historical trend of people in the localities being concerned always to maintain their independence from the centre insofar as their schools were concerned.

There was a profound desire in the mission school era and beyond for localities to exercise educational independence by means of safeguarding their freedom to appoint and to pay their own teachers according to their own local criteria. Incursions by forms of centralised authority were unwelcome frequently from this point onwards, and this strong local rights' spirit even survived the centralising tendencies of the 1877 Education Act. This is what the research that was analysed in Chapter Three, in particular, showed. McGeorge's (1993) examination of salary rates in the 1890s for New Zealand primary teachers exposed the fact that there was considerable regional variation. Local authorities were observing some of the outward forms of the 1877 Education Act simultaneously while jealously guarding and, on occasion, even extending their freedom to appoint and pay teachers as they deemed fit. This has been one of the significant findings of this research - that the

tensions between the centre and the localities regarding educational matters persisted throughout the nineteenth century. The abolition of the system of provincial government and the creation of a national bureaucracy did not culminate in any rapid penetration of these resilient outposts of local power.

In fact, the trend is so clear that a case could be made for local power surviving in New Zealand and resisting the encroachments of the centre first and foremost in the educational arena. Butchers (1932) provided several examples of area schools whose authorities maintained control of teachers' salaries as late as the 1930s, after thirty years of centralised state legislation that had mandated a national teacher salary scale. These examples were cited in Chapter Four of the thesis. Local schools' authorities relished their freedom of action in the sphere of teachers' salaries, it appeared.

Some schools' authorities who had operated under bulk funding in the 1990s, such as one of my own Master's thesis interview schools (Primary School X interviews, 2000, p. i-x), were enthusiastic in reporting their own freedom to act, as was Peachey (Peachey interview, 2011, p. xl) when recalling his own experiences as the Principal of Rangitoto College between 1993 and 2005. What this thesis has done is to explicate the links between their experiences in the 1990s and the similar tendencies to exercise local control over teachers' salaries in the nineteenth century.

All of the above provides supporting evidence for the focus on the major topic of bulk funding and on the omission of interesting but ultimately less relevant, peripheral, issues such as performance pay. Because there was so much confusion between the concepts - coupled with politicians of various stripes conflating bulk funding with performance pay and teachers being rewarded according to their just deserts - the performance pay issue would seem to be another research topic in and of itself. The need to investigate this phenomenon further is strengthened by the fact that politicians, several interest groups, commentators, and even members of the general

public made the link at the time in the 1990s and beyond, right up to and including the present day.

The Salaries Grant reforms which were mooted in legislative terms in 1989, but then frozen in 1990 in what I termed in Chapter Seven as the 'Goff moratorium', were seen by some commentators as a useful precursor to the 'weeding out' of the 'bad' teachers from the system and the consequent rewarding of the 'good' teachers. As research undertaken for Chapter Six showed, both the PPTA (1989) and NZEI (1989) feared that these incentives could be open to abuse, as recorded in their publications at the time. Their concerns were repeated often in their respective Annual Reports throughout the 1990s. Both teacher unions also saw bulk funding as being a Trojan horse foreshadowing the introduction of performance pay systems.

As stated before, as interesting as the performance pay issue was, it constituted too broad a brief to be covered in the bounds of this thesis. Nevertheless I would recommend that performance pay be followed up in later research. Many of the links between performance pay and bulk funding still remain to be teased out. Performance pay, therefore, is certainly worthy of further investigation.

What I was left with was a mass of material related strictly to teacher salaries which could be covered chronologically. The thread of 'freedom' ran from the early nineteenth century as covered in Chapter Three through to the late 1980s, as discussed in Chapter Six. This was a period where the tensions induced by the tug of war between the localities and the centre built up by degrees, slowly but inexorably.

In Chapter Four I highlight the historically neglected point that Maori communities and educational leaders, such as Winiata, wanted Maori to regain control over teacher appointments and salaries. They rejected the centralised model of educational authority which involved the Labour Government making all the decisions that mattered, as early as the 1940s. Members of Maori communities saw

these decisions as having been made by and for the benefit of the majority European community at the time. Maori leaders often viewed these governmental decisions as being relevant to Pakeha or to non-Maori New Zealanders only but not to Maori themselves. By the late 1980s, as explained in Chapter Six, the tensions had built up to such a degree that the fault lines were strained. The introduction of bulk funding in practice in 1992 at selected volunteer New Zealand schools was the catalyst which triggered the 'earthquake' uncovered in detail in Chapters Seven and Eight of the thesis.

The historical chronology delineated in this thesis charts a distinct pattern of steadily escalating tensions which would result in the eventual conflicts of the 1990s. Chapter Three focused on the beginnings of these tensions. It explored the tensions relevant to the central theme of localisation versus centralisation. This theme has proven to be significant throughout New Zealand educational history, and is exemplified by the case of teachers' salaries particularly.

The value of the early-to-mid-nineteenth century material is that it showed a line of descent down to the bulk-funding experiment of the 1990s. In the case of the Maori tribes of the nineteenth century, locals placed a great value upon Pakeha education and the technological advances of the day, with the result that the Ngapuhi sub-tribe wanted to pay Reverend Kendall a handsome salary in 1815. Pakeha education was seen as being a valuable commodity, and hence the teacher who dealt in this valuable commodity was also to be paid well. Both the Ngapuhi hapu and the London Missionary Society officials felt that they had the freedom therefore to arrange to pay the teacher's salary. Both local agents had autonomy over the salary rate.

The provincial system established by the 1852 Constitution Act permitted the freedom of the provinces legislatively to determine for themselves their teacher's salaries. Each provincial education board could choose to exercise what Webb (1937, p.17) called their "prescriptive rights". The net result was that there was a

great deal of variety in what teachers were paid, a variety that was determined by the province within which each individual teacher resided.

This pattern of salary variation continued even after the passing of the 1877 Education Act, so much so that McGeorge (2003, p.7) could show that adult male teachers were paid best in Wellington in 1894 while for adult females, Hawke's Bay offered the best remuneration. For both sexes, Marlborough Province provided the lowest teacher salaries.

This data alerts us to a major problem associated with the freedom of action enjoyed by the provincial boards of education. As de Tocqueville (1835, p.139) had noted, freedom in the context of the American frontier amounted frequently to "the freedom of the usurer to exploit his fellow creatures."

In Chapter Three I argued that despite the 1877 Education Act, the Liberal Government legislation of the 1890s, and the important Education Amendment Acts of 1901, 1914, and 1925 respectively, it was not possible to control completely what was, in many ways, a free market in teachers' salaries. The legislation attempted to regulate and standardise teachers' salaries, and to reward both high levels of qualifications and seniority in the teaching service.

As the twentieth century progressed more success in regulating teachers' salaries was evident and the attention of policymakers was thus diverted into more egalitarian social welfare-based channels. It could be argued that the excesses of freedom, as evidenced by the discrepancies in wages between provinces which were described in Chapter Three, scuttled the free market in teachers' salaries eventually as it had existed in the late nineteenth century. This former trend of salary differentiation foreshadowed possibly the excesses of some bulk-funded schools in the 1990s.

The above discussion highlights a reason why this distant historical material turned out to be so important. It established the basis of the historical cycles of greater localisation versus greater centralisation which had preceded the modern policy of bulk funding. The tension between the localities and the centre was critical in this context. It is the detailed exploration of this theme in the present thesis which fills a gap in the past literature which had concentrated almost exclusively upon the two antagonistic sides in the debate.

Chapters Four to Seven have extended the historical treatment of the bulk-funding policy. For example, in Chapter Four it was argued that during the Beeby era of the 1940s, with its benevolent if not paternalistic policies of educational centralisation, the interests of women and Maori were not always advanced by the national salary awards scheme with its associated industrial arbitration and conciliation which was in place then. That may serve to explain partially why social groups such as women and Maori later found aspects of bulk funding to be quite attractive. The Thomas Report (1944) and subsequent discussions about it, for instance, highlighted the fact that women teachers at the time were often restricted to teaching domestic science and all for lower rates of pay than those awarded to their male counterparts. At the same time Maori were finding that the nationwide Pakeha education system, as evidenced in Openshaw's (2009) citing of Reweti.T.Kohere's correspondence with the Minister of Education throughout the 1940s, was inadequate for satisfying Maori students' educational needs. Kohere had even suggested that Maori regain control of the process of hiring and of paying teachers. Such historical evidence provides yet another reason why it has been important to examine the past in order to understand bulk funding fully.

Stresses had been building up from the early colonial through to the provincial, and on to the centralised state, system of funding teacher salaries. The tensions were becoming more pronounced, and they required only a seminal event such as the introduction of bulk funding in order to combust. The explosion created by bulk funding did not arise out of an historical void.

In Chapter Five I explained that the taut pressure valves did manage to release a little energy following the *Parliamentary Inquiry into Gangs* (1979), which led to the Comber Report (1981). However, this relaxation of tension also served to act as a catalyst for bulk funding as Maori groups, in particular, learned that they could gain control of their own children's education. Control over teachers and over their salaries was an important facet to this process.

The resulting Kohanga Reo and Kura Kaupapa Maori movements, in conjunction with the Community Education Initiative Scheme (CEIS) reforms of some community schools, prepared the pathway for bulk-funding discussions from 1981 onwards. Both the indigenous Maori and CEIS initiatives tended to dovetail, which enabled communities to take greater charge of their own communities' schools or to establish entirely new schools. In the case of the Maori language nests and the CEIS administration of schools in areas such as Flaxmere in Hawke's Bay, largely ethnic communities even took control of their teachers' salaries, a move which foreshadowed the bulk-funding initiative of a decade later.

That bulk funding generated an explosion in the 1990s is not a fact which can be denied. This thesis describes that process in detail in Chapters Seven and Eight. Yet the significant impetus for bulk funding had been laid down earlier in the distant historical past, when there was a marked conflict between local and central authorities over the control of education in New Zealand.

This broader theme could be explored in further research which, it is hoped, will arise from this present work. What seems indisputable, though, is that the failure of the bulk funding of teacher salaries to take hold truly and to establish deep roots in the soil of New Zealand schools was due in large part to the complex interplay of historical factors which has been examined throughout this thesis.

There was a struggle for control over the pushing and pulling of the levers which governed teachers' salaries throughout New Zealand's recorded history of

education. This contestation took place between the localities and the centre. In some phases of the historical cycle, such as in the Mission school era of the 1820s and in the bulk funding era of the 1990s, the initiative lay with the localities. At other times – for example, in the 1940s - the initiative lay with the central Government.

In the final analysis, this theme of local versus central control has implications beyond the present case study of bulk funding. This theme affects all areas of New Zealand education, and illuminates the uneasy relationship which has existed and which still exists today between local communities and the central Government in New Zealand insofar as education is concerned.

With regard to the education policy landscape in New Zealand much has changed since the tectonic shift from centralised to localised control which recurred for the first time in a century in the 1990s. Bulk funding seems unlikely to return as even its most ardent advocates such as Dr. Smith (Smith interviews, 2011, p. lix) and the late Allan Peachey conceded. In August 2011, Gordon (2011, Gordon interview, p. xxvii) felt that the National Party would try to revive bulk funding but the very pragmatism she attributed to Key as Prime Minister may militate against this. The former public servant, Fancy (Fancy interview, 2011, p.xi), judged bulk funding to have been a failure mostly, because it had caused so much trouble. Fancy believed that the goal of empowering local communities had been worthwhile as a concept, nevertheless.

Gordon also wondered aloud as to why any government would have taken the trouble to implement a policy which had yielded mixed results in an international context. She focused particularly upon Smith's motives as Minister of Education:

Why would you implement a policy that would be so divisive? Why would you bother, as a minister, to pursue that line? I mean, what was to be gained? And I guess, he'd go on about all his good times at various schools, but then you could say the evidence, internationally, from many different education systems shows it doesn't work. So why would you bother? Maybe it was just a Tory thing. Muscle

flexing. Yeah. The Tory thing. I just don't see the relevance. I just thought it was a stupid policy.

The suggestion was that 'politics' was trumping policy at that juncture; that the goal of government control over education policy was all important, as was the goal of restricting the role of the teacher unions in education policy.

However, if this thesis is any guide, for the sake of our schools and of our students, local communities and the government would be well advised to negotiate very thoughtfully in order to be able to achieve a satisfactory equilibrium between local aspirations and government supervision and oversight. Nothing less than the future of our students and, perhaps, that of our teachers and educational administrators, is at stake.

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APPENDIX I

INTERVIEW WITH MARGARET AUSTIN, FORMER OPPOSITION SPOKESPERSON ON EDUCATION. 16 AUGUST 2011, ILAM, CHRISTCHURCH.

Perry Bayer, Researcher (PB)
Margaret Austin, Subject (MA)

PB: So thank you for seeing me (Margaret). Could you tell about your involvement in education over the years?

MA: Yes ... I started teaching in 1954. I was one of the very first Science students to be admitted to the Secondary Teachers' College when it started up here. I taught at Girls' High School until I left full time work to have a family of three, but during the course of that time, taught part-time at Sacred Heart Girls' College here in Christchurch, then went back to Girls' High School as a Science and Biology teacher Head of Science in 1966. Late in 1977 I was appointed Senior Mistress at Riccarton High School. I was there until the '84 Election, though I'd had a year where I had a Commonwealth Scholarship which allowed me to study at the London Institute of Education. My thesis on the Nature of a Secondary School Curriculum and that gave me an enormous insight into the research that had been done in the UK and the US. Back at Riccarton we put in place in 1982 the curriculum that is now the standard for New Zealand schools – with one exception and it's an exception that I feel strongly about; that NZ did not adopt, generally ... and that was, we made Social Education compulsory for the whole school in that it encompassed a whole raft of things including Careers Information, Transition Education and it obliged the Counsellors to actually engage in classroom work. So then I was elected to Parliament in July 1984. I said to them then that I thought that I could cope with what was going on in Education without necessarily being intimately involved and so I did other Select Committee work, but I chaired the Caucus Education Committee, and then eventually chaired the Education and Science Select Committee when the *Tomorrow's Schools* and *Learning for Life* changes were being put in place, and that was really so satisfying. By then of course, bulk funding of teachers' salaries started to take precedence, I suppose, but what was really important was the transition to Boards of Trustees rather than Boards of Governors, and its application to the whole system rather than just to the secondary system. And when David Lange became ill, those of us who were engaged in the Education sector became more active. I had the responsibility of going up and down the country talking about the plans for Education Boards, which did not receive all that much enthusiasm from existing Boards. From the North Cape to the Bluff the comment from the Education Boards at that time was "How dare you?! We know what's best for education!" and of course they were controlling Primary Education – they were allocating teachers to primary schools. It was a travesty of both independence and responsibility and it emasculated the Primary Principals. So anyway, they didn't get their way and *Tomorrow's Schools* was put in place.

PB: Do you recall why the Operations Grant component of bulk funding was put in first by your Government, before tackling teachers' salaries?

MA: No, I don't, but if I were to crystal ball gaze back into that time, we had been accused of going far too fast both with the corporatisation of State Owned Enterprises and the putting in place of GST and so I think it was a matter of orchestrating things to proceed in a logical way. And you had to get people on board. The interesting thing about *Tomorrow's Schools* was that I went back at that time ... and I have also been back since ... and I have re-read the Education Development Conference proceedings of the early '70s and there wasn't a thing in any one of those three documents that wasn't foreshadowing what we were putting in place, and yet up and down the country, teachers were taking the view that "Here's the New Right imposing itself again". And yet in '73 and '74 when the Education Development Conference was being undertaken, 60,000 people including thousands upon thousands of teachers, of which I was one, participated in those Conferences and nothing that was being put in place hadn't been foreshadowed.

PB: So what did you understand by the term 'bulk funding' around that time?

MA: Around that time, once the teacher-pupil ratio had been established and the salary framework was in place, then the teachers' salaries would be allocated to the Boards to dispense according to their policies and agenda for the delivery of the curriculum and those schools which adopted it really were able to be incredibly innovative. In fact, one of my sisters was a school Principal in Hamilton. She was Principal of (Sacred Heart Girls') in Hamilton for, I think, thirteen years and they adopted bulk funding, and they were able, not only to deliver the curriculum, but they were engaged in things like community services activities. For a couple of years before she left the school, they got in lecturers from (Waikato University) who offered and allowed the girls to take first year courses, or part-time first year courses; and the one that was most popular was a first year course in Philosophy.

PB: Wow.

MA: Yes, and that was really exciting! Because it let those girls have an introduction which allowed them to go on if they wanted to.

PB: Did you think that bulk funding was well implemented at a national political level, between say 1991 and 2000, specifically with regard to teachers' salaries?

MA: I think it got into a muddle. The agendas that were being run by the PPTA and the NZEI were most unfortunate. They didn't stop to think what the advantages were. All they could see was the potential for Governments to reduce the allocation of funding, in terms of the operations' funding and/or the bulk funding of teachers' salaries. I think, possibly, it was one of those issues where people reacted and ran with the crowd instead of stepping back and thinking about the potential and the advantages there

would be. They thought that schools would automatically appoint beginning teachers; they might declare senior teachers on higher salaries redundant if there were downturns in numbers. There were all sorts of arguments and indeed there were safeguards brought into it of which Phil Goff as Minister was the engineer, to cover these issues and offset their agenda, but they were determined to fight it. And I recall that Lockwood Smith as Minister after 1990 tried desperately to put it in place, but in the end he was instructed by the PM Jim Bolger to abandon it. And I thought that this was most unfortunate, it had never been given a chance.

PB: Do you think maybe that the then Prime Minister (Mr. Bolger) had made a political commitment not to push bulk funding 'too hard'?

MA: Not that I was aware of.

PB: Did he make some campaign promise?

MA: No, I don't think so. No, I really don't think so.

PB: Because Dr. Smith is now of the opinion that maybe bulk funding should have been instituted wholesale.

MA: Yes, and if it had been decreed ... You see, as I remember it, when we left Office in 1990, it was there on the drawing board to begin in at the start of the school year in '92. But then there was all this procrastination and well, I suppose, if one is honest, it could be there were so many agendas being run, including the changes to the welfare system, the changes to the pensions ... and everything got all too much. But I honestly believe that it should have been implemented and over a period of time people would have got used to it and seen that it would work.

PB: And you were the Opposition's Education Spokesperson at the time?

MA: Yes.

PB: So during those eight years that it ran, would you see it, overall, as a success or as a failure?

MA: For those people who adopted it and operated it, yes! A success! They, to my knowledge, were not at all pleased when it was abandoned. But then it was abandoned because it was part of an election manifesto.

PB: Can you comment about any specific schools where bulk funding operated? You did mention one already, the Hamilton one which your sister was Principal of, Sacred Heart Girls'.

MA: I knew you were going to ask me that question, and do you know, I can't. You'd have to remind me.

PB: I know there was quite some debate at (Waimea College) around 1996 ...?

MA: No, I don't recall that one.

PB: Quite a few Auckland schools went in ... ?

MA: Yes, the Auckland ones. (Phil Raffills) at Avondale College. I'm not sure now about Rangitoto.

PB: It did go in – under Mr Peachey.

MA: Yes, that's right. Westlake Girls', too. I went to Rangitoto, invited by (Allan Peachey), and I didn't hear any complaints at all. And I certainly never heard any complaints from (Pauline) in Hamilton. Yes, I think the lass in Cambridge got herself into a pickle as well, didn't she?

PB: I'm sure you're right. I seem to remember reading it. (Margaret), you touched upon this already but why do you think the bulk funding of teachers' salaries was so controversial for some of the educational participants, for example you had mentioned the teacher unions. Why was there such a level of controversy?

MA: Oh, in many respects, teachers are risk-averse; and for the PPTA and the NZEI this was a risk they were not prepared to take. Just as now with some of the conversations and work that is going on around this town as to how we are going to organise education in the Eastern suburbs. From what I'm hearing and engaging with, people just want the status quo, and frankly, in the twenty-first century the status quo just won't do! And so I think that this was a new phenomenon that required people to engage and take leadership roles in a way that they hadn't done hitherto, which was challenging, perhaps threatening, and there was a retaliation against having to take the risk. I know, for example, that for at least two of the primary schools on my patch out in this district, the primary principals took early retirement rather than take the responsibility for managing the staff. They had no desire whatsoever to be the Chief Executive and have to manage both the staff and the funds. And indeed, I took Mt. Roskill Grammar as the exemplar school to the Berthelsmann Foundation in 1995 when New Zealand was identified as one of the most innovative countries worldwide. Seven countries were asked to compete for the Berthelsmann Prize. We identified Mt. Roskill as an ideal exemplar and the Principal and the Associate Principal came with me to Gutersloh in Germany where Berthelsmann is located. They assisted with the presentation. The Chairperson of the Berthelsmann Foundation asked me towards the end of the week to make sure I was at the Principals' Meeting in the conference venue because as he said, "I want you to explain in detail what you have done in New Zealand with *Tomorrow's Schools* with Boards of Trustees, how you go about appointments, the Operations' funding ... and so on". And I did. And these school principals – I think somewhere between sixty and a hundred of them were horrified, absolutely horrified! at having to take on that sort of responsibility.

The next thing that happened was that this same Director, the Chair of the Foundation came to me and said they would have loved to have awarded New Zealand the prize of \$300,000 but that they regretted they couldn't because we were so far out in front of the rest, that they felt they had to give the Prize to a country that had a recognised national system. So that was all good fun. But you see, it wasn't just New Zealand teachers that were reacting in this way. The faces of those School Principals, when I did this presentation for them, were just amazing.

PB: Yes, there were some principals, who as you say, didn't want the responsibility, but yet there were others, I've been reading about who really loved doing that during that era and felt that it gave them a sense of freedom. I'm particularly thinking about Mr. Peachey. Why do you think they felt so strongly that it was the best system that they had ever had?

MA: Well, Allan Peachey had a very big school. I'm not sure whether Burnside got involved... or not?

PB: I haven't read about their being involved.

MA: No ... No ... They're another big school. John Godfrey was the principal at that time, long since retired, but I don't think they did. But Rangitoto and Peachey, and there was another one, Macleans College, I think. Now for both of them they were prepared to look beyond their immediate horizons, just in exactly the same way as the lady at Albany Senior College at the present time, where if you get the opportunity to go there, do so. She is running a twenty-first century school absolutely brilliantly. It is very exciting. There are not too many people who are prepared to look outside themselves and I think another example I would put to you is when in the middle to late '70s when we had completed the Science Curriculum work, the next phase was to look at ... instead of General Science ... to look at introducing the Biological Sciences and the Physical Sciences in Years 9 and 10. And this would have given an initiation which I thought was absolutely first class, and as Head of Science at (Christchurch Girls'), I desperately wanted to run with it because we'd been at the forefront of implementing the Science Curriculum, the new Biology, and we were also looking at Chemistry and Physics. Now, with just a staff of ten, I couldn't get consensus to run with it and rather than put them into and through a stressful situation, I decided that we'd probably done our bit with the piloting programmes.

PB: I suspect my next question's a bit redundant, but how did you feel when the bulk funding of teachers' salaries was discontinued in June 2000?

MA: I recall being disappointed that what I thought was an innovative policy was not going to be given a chance.

PB: Do you think 'merit pay' factors came into the bulk funding debate?

MA: Oh, yes! Without a doubt. And while I think there are some fishhooks with merit pay

– look, go back to ... when would it have been? It would have been '68 or '69; I was on a PPTA Development Group and we were looking at the responsibilities and duties of heads of departments, and produced, at that time, a document for the guidance of Heads of Departments in their responsibility to engage in professional development for their staff, and also to ensure that they had a record of their performance on an annual basis. It was never, ever, implemented! ... because my interpretation of heads of department was that they didn't have either the skills or the necessary courage to actually engage with their staff and work through what the performance indicators were and then get to do the work and the assessments. And, in fact, I'd go as far to say that they are still not. And I think it is most unfortunate that one of the most important aspects of the work of a head of department is not being adequately done. But the documentation is all there and it just needs some direction from the Ministry of Education. Mind you, that's another issue, the Ministry was initially meant to be a policy design and implementation outfit. In the last ten years taken on more and more operations work and losing sight of its primary function, but it comes down also to the role of the school principal in not ensuring that those people who are reporting to the principal have got in place the records of the performance of their teachers. So that takes us right back to this whole business of performance pay. If you've got people who are not performing, and you haven't got a record of their performance you've got no way of engaging in any sort of professional development, let alone discipline.

PB: Last year (Margaret), Sir Roger Douglas had a Private Member's Bill calling for the reintroduction of the bulk funding of teachers' salaries. Would you support that type of legislation at this stage?

MA: Probably not, if Roger was the architect of it. I was an acolyte of Roger Douglas' economic reforms. I don't make any apology for that whatsoever. And God help us, what sort of mess would we be in now if we hadn't had them? This is including GST, and I'm exceedingly annoyed with Phil Goff after having gone through what we all went through, and working through it and working out that if GST wasn't all or nothing, it wasn't worth having. But anyway, that's another question. I think Roger has gone too far in that he would cut loose the schools from any sort of requirement to have a recognised intake or a regulatory environment where they knew what they had to do and worked within it. You see, I can remember lectures from Roger and Richard Prebble along the lines of, 'What we've got to do is provide the regulatory environment to work within, but they will set their own policies and their own implementations'. Now I think with regard to education, Roger was going too far in cutting schools loose, and the next thing that would happen would be that some schools would try to abandon the curriculum without understanding that what we've got in place here has put in place probably the best of the educational research that you could gather from anywhere in the world.

PB: So you still see some role then for some degree of central regulation?

MA: Well, in terms of people understanding the schemes under which they're working, yes.

PB: And what do you make of today's educational scene in New Zealand? The current state of New Zealand's education system, for example?

MA: Now ... How am I going to tackle that? I'll tackle it by saying that our best students perform as well as, if not better than they've ever done, and they can hold their own anywhere in the world and walk into any educational environment anywhere in the world. The next 50% in the middle, I think do exceedingly well and the evidence for that is that we've got the best uptake on a percentage basis anywhere in the OECD on further education or post-compulsory education. Where I'm disappointed is that we are not doing nearly enough for the tail-enders as we ought to be. And when you look at some of the work that's been done as a result of Russell Bishop's study from Waikato University: *Culture Speaks* is the one that I've got. Its full title is *The Culture of Relationships of Classroom Learning* Te Kotahitanga is being implemented in many places in the North Island, and particularly where there are a preponderance of Maori and Pasifika youngsters. There are interviews there and the results of what Bishop has done have produced extremely good results nationwide. The other piece of research that I think is very revealing and which has received far more recognition internationally than it has here is the work of Graeme Nuttall and Adrienne Alton-Lee; their longitudinal studies. We should have taken far, far more notice of that. So, by and large the curriculum is being used intentionally and well but, as I say we're not doing well with the bottom 20 to 25%. I was very much involved in the Biology curriculum development in the early '70s, and believe it or not, Colin Percy and I presented at the University Grants' Committee in 1970, when we'd got the prescription curriculum accepted we proposed to the University Grants' Committee who ran the examinations, that we adopt what's the equivalent now of the NCEA for the Biological Sciences. They told us we were a bit ahead of our time! But never mind; we were pioneers and some of us knew that a type of NCEA just had to be because the old examination system was the best gate keeping system in the world, masquerading as open entry. It was! It was dreadful! You see, I was a University Entrance examiner for number of years and my husband was a Chemistry examiner for Bursary, and it used to appal us what they did with scaling, just appal us! Anyway, the other advantage of NCEA now is that because it's continuous assessment, the youngsters know where they are during the course of the year. I feel very angry with schools who are letting them get away with just getting what they have to in order to gain entry, instead of looking for excellence so I applaud the excellence and merit in the NCEA scheme that they've now put in place. Where I fall out or run counter to the Auckland Grammars of this world and Macleans College and others who think they are doing youngsters a favour by putting them in for Cambridge – I just say to them, "Well, you must really enjoy being a third world country!" because I'm not sure whether you know or not, but the Cambridge entrance examination is not available to students in the UK. It's designed for the Third World. So my next door neighbour asked me about the International Baccalaureate a couple of days ago and I said, "The interesting thing about the International Baccalaureate is that its curriculum framework is the same as New Zealand's NCEA one – with one advance – and that is you don't get an International Baccalaureate unless you've also engaged in community service and shown how you did it. So the other comment that I'd make about the New Zealand system at the moment is that I'm totally opposed to the numeracy

and literacy National Standards as they're educationally primitive. They will not do what the Minister thinks they will do. And what pains me about it is that we already have a balanced, coherent, introduction to the areas of learning and the Minister thinks there are only two elements to the curriculum of any significance, and they are, for want of better words, Reading and Arithmetic. And without even acknowledging that Social Studies or Science or Art contribute to literacy; that Geography contributes to numeracy and that Science also contributes to numeracy. It is just such primitive thinking!

PB: And lastly (Margaret), looking back to that whole historical era, what do you think the overall significance of the bulk funding of teachers' salaries' educational debate actually was?

MA: I think the first thing that comes into my head is that it put on hold the complete implementation of what *Tomorrow's Schools* was all about, and to a large extent, in that arena, it's still on hold.

PB: So there's some disappointment?

MA: Yes, disappointment. A regret that the whole structure that had been thought through very carefully was not totally implemented.

PB: Well, thank you very much for your time.

MA: Well, I hope it's been useful.

PB: Definitely.

APPENDIX II

EMAIL QUESTIONS / ANSWERS WITH DR. DON BRASH, LEADER OF THE ACT PARTY. 1 OCTOBER 2011

1) Why do you think it better that New Zealand schools receive a bulk grant from which to disburse teacher salaries?

ACT's broad philosophy is that individual people can make better decisions about their lives than government representatives can make for them. The reason is that people know more about their own circumstances and have better incentives to make good decisions for themselves than government representatives do. In the case of education, it is principals, Boards of Trustees, and local communities who understand the performance of different teachers and their appropriate remuneration better than do Wellington-based civil servants. By better aligning pay with performance, rather than one-size-fits all pay scales based on years of service, it is more likely that schools will be able to attract the right people to be in the right place at the right time. There is considerable evidence that this theory bears out in practice, for example meta-studies of studies of education systems across the globe show that greater local autonomy improves school performance on a range of outcomes.

2) Why do you think it necessary to have performance/merit pay for New Zealand teachers?

I need to be clear that the ACT party supports decentralisation of education, not necessarily a centrally ordained scale according to a national scheme for pay according to test results as has been advocated in other parts of the world. Such schemes inevitably overlook the very local knowledge that ACT policy seeks to tap into. A teacher might perform poorly on such a centralised scale despite the fact that they have faced significant challenges and performed well at overcoming them. Equally, a teacher might perform well according to a national scale despite facing fewer challenges in their locality. For this reason we do not necessarily support a centralised merit pay scheme (such as No Child Left Behind under the Bush Administration in the U.S.A. but we do support school management being able to use their discretion in setting pay).

3) Was it your decision as the Leader of ACT to introduce these policies?

No, this has long been ACT policy however I fully support it.

APPENDIX III

INTERVIEW WITH HOWARD FANCY, NEW ZEALAND SECRETARY OF EDUCATION. 15 AUGUST 2011, MOTU ECONOMIC AND PUBLIC POLICY RESEARCH OFFICES, WELLINGTON.

Perry Bayer, Researcher (PB)

Howard Fancy, Subject (GS)

PB: So thank you for seeing me (Howard). Could you tell me about your involvement in education ?

HF: My involvement really started in 1994 when I had nine months being seconded from the Treasury to the Department of the Prime Minister in Cabinet. In the Department of the Prime Minister in Cabinet, I had oversight of aspects of Education employment policy. I left the Department in what would have been October of 1995, but then went to the Ministry of Commerce, and then in July 1996 I got that position as Head of the Ministry of Education, a position that I held until November, or better to say until the end of October in 2006.

PB: Did you find it a really interesting job?

HF: No, it was good. It was um ... Oh no, no ... I thoroughly enjoyed it. A lot of challenges. A lot of – you know – times of frustrations.....

PB: Quite a time of educational change as well, I imagine?

HF: There was a lot of change because it came on the back of, kind of *Tomorrow's Schools* being embedded in. I think there was a period when I was in Education where we really started to focus much more on student achievement .. um professional practices ... associated with that ... really major initiatives in places like South Auckland with Maori and Pasifika. We brought in a whole lot of ... yeah, it was the start of a lot of the strong moves towards providing clearer standards through exemplification. We brought in a lot more of our new diagnostic tools fixed around literacy and numeracy. We had all the changes in senior secondary school qualifications which had divided the profession for quite some time. It was a time where we also started major reforms in early childhood education and there were also major reforms in special education. Yeah, quite a lot.

PB: So (Howard), what did you understand by the term 'bulk funding'?

HF: Basically, 'bulk funding' meant that schools basically got all their funding and were

then free to make decisions about how many teachers they employed within it as opposed to the fixed system. So it was really the bulk funding of the salaries component as opposed to centrally fixed salaries. The Operations Grant was already, in a sense, bulk funded but the salaries were paid centrally according to what or where teachers were on the scale, so bulk funding would have provided a bulking up of teacher salaries and more discretion for schools.

PB: Do you think that bulk funding was well implemented between 1991 and 2000, with particular reference to your tenure as Secretary of Education from 1996 on?

HF: Well, I think that by the time I came in in 1996, I mean... a lot of the debates about bulk funding were reaching their end. I mean, the government had decided basically to drop it!... you know, as a policy, pretty much soon after I came in.

PB: Even at that relatively early stage?

HF: Yes, well, you know, my recollection of the history was ... I mean bulk funding was seen as a good idea back at the inception of *Tomorrow's Schools*. It started being offered to schools. Then a political decision was made to make bulk funding ... ah ... voluntary so people could opt into it – or not! That then saw an awful lot of divisions between schools – and within schools. The then Prime Minister, as I recall, had given a political commitment that he wouldn't impose it on schools – and he stuck to that political commitment. And I think that that ultimately, you know, what was offered to schools wasn't taken up ... and the policy was quietly dropped.

PB: And when had you first heard about the bulk funding of teachers' salaries as an idea?

HF: Oh, I would have heard about it just through reading newspapers, just through general awareness. I mean some of the debates around bulk funding were ... about "What was the average level of salary presumed?" and I think the original concept ... and don't take me as saying gospel on this.. because it was a bit before my time, was, I think when it was originally promoted. It was probably promoted around the concept of an average salary. When you do it around an average salary, then there will be hundreds of affected items because it will all depend. If you've got young staff, you'll be a winner. If you've got older staff at the top of the scale, you'll be a loser. And then there were some shifts towards saying ... 'Well, actually, if you pitched it at the top of the salary scale, then there would be no losers', but it would be a lot more expensive, you know, to pitch it in there ... so there were, sort of aspects of costs; there were aspects of whether it should be compulsory ... or voluntary. I mean, I think it probably was at a point around the time that I got involved in Education that ... um ... the government may have been able to proceed with it if it had mandated it. But it was a very strong commitment from the Prime Minister, in particular, and I think that then it was going to be voluntary.

PB: And did you personally think that bulk funding was a good idea or a bad idea and why?

HF: Well, I've probably got a mixture of views now, some of which are with the benefits of hindsight. Um ... I think that with the nature of the teaching profession, there were a complicated set of issues about how teachers' salaries would even get negotiated; whether you'd be moving to school-based bargaining or a national system. And I think that some of the experiences of *Tomorrow's Schools* would suggest that if you had potentially 2,700 schools doing site-based bargaining, some would really struggle to do it ... let alone to do it well. So there was a major kind of transition and so, in one sense, one could also sort of see the logic for something, you know, more ... more centralised. So how would you do it in a centralised way but with a bulk funding arrangement? On the other hand, I mean... I think having schools with more flexibility, you know, to use their budget to make some trade-offs between salaries and other costs and the like ... and having more flexibility, it was argued, could lead to improvements. I think the third dimension that really struck me when I came into Education was that I came at a point where for seven years, the sector had really been dominated by a series of major changes. First of all, there was *Tomorrow's Schools* which had led to quite significant shifts in the expectations of management and the leadership in school administration ie; the government of schools. You had a major debate over funding; you had major changes taking place around curriculum and ... qualifications. You know, there were major debates about property too. One of the things that sort of struck me was ... 'OK, I came into education at a time when the system was dominated by things outside the classroom' ... when the focus should be on what's going on inside the classroom. So, here was a country with an awful lot of effort going into debates about a funding system, a qualifications system and so on when ... ah ... learning to work out of *Tomorrow's Schools* when, actually, you know, the issues were quite different. The basic ordinary issues provided very good learning for kids ... and the biggest changes – the biggest difference in terms of learning for kids would actually be inside the classroom so, in a sense, it was a matter of shifting the focus back onto learning. And probably, in a sense, in these debates, views just got so polarised. You know, what looked like a political decision to impose a view ... to then back down ... and whatever ... with probably not a thought being given to exactly what the capabilities were needed to, you know, run the system ...

PB: Do you think that maybe, in a way, bulk funding got in the way of a focus on learning for kids, such as you mentioned?

HF: Oh, I think that definitely... it used up an awful lot of energy at a political level and across the profession. That was dominating staffrooms back then. I mean, obviously the unions were really opposed to it... and so on and so forth. There was a lot of effort going into arguments about the funding system, rather than fixing curriculum which you could easily argue was far more important.

PB: So, overall – would you see the policy of the bulk funding of teachers' salaries as a success ... or as a failure?

HF: Well, it was a failure in the sense that the government wanted it – and it didn't happen! And I think that, probably, if it was going to do it, giving people the choice of

opting in; it isn't particularly effective when it ends up getting people polarised. There were numerous examples of staffrooms being torn apart. Some schools turned into philosophical and ideological battlefields, and probably, if the government had allowed a certain level of debate and discussion and then decided; then we would have got on with it.

PB: Why do you think bulk funding was so polarising, as you put it, for example, for the various educational interest groups?

HF: Well, I'll go back a step because I think you've got to see it within the context of *Tomorrow's Schools*. And for me, *Tomorrow's Schools* as a policy, was an administrative formula for educational reform. I mean, it was an administrative reform that created Boards for all schools. Secondary schools generally had had Boards. Primary schools had not had Boards, but had PTAs and the like ...but the reason why people agreed on *Tomorrow's Schools* probably reflected a range of factors. I mean, at one level the administration had become very bureaucratic ... from the old Department and the like and people were keen to have that simplified. So that was Point One. Point Two; it occurred at a time when New Zealand was facing still a very serious fiscal problem ... so, taking out a layer of bureaucracy was seen to create some savings. Third, if you had that viewpoint it was a step towards more of a market-driven system and that would have appealed to some. Fourth, for someone like David Lange, the then Prime Minister; what he saw it as was fundamentally a framework whereby the middle class would run the school system and have a vested interest in a free, proper, State education system – so David Lange was very clear about the political element of it. So, in a sense, *Tomorrow's Schools* brought together four different reasons; a coalition of agreement, so then when you go to bulk funding there was a lot of suspicion about – 'Well, what is bulk funding about? Is it about administrative simplicity?' You've got to remember that this was occurring at a time when the National Government was reforming the labour market and employment contracts. And you have to ask, 'Was it driving them to a different level? Was it moving to school-based bargaining?' You'd have some principals feeling quite comfortable with that. You'd have others who might like the concept but you've got to remember that this is a system where principals and Boards had never managed industrial relations. They'd managed staff relations but they had no experience of industrial relations. And also the fact that you had schools winning and losing – again depending on where the level of salary around which schools were bulk funded, was placed, and then you had campaigns of suspicion about 'Are schools, in order to save money saying, 'We'll go for cheap and inexperienced teachers and so on?' A lot of this was just scaremongering. So you had all this kind of noise happening, but I think there was a level of uncertainty as to how much ... I suppose ... Which prevailing thinking was actually going to dominate? Was it sort of moving towards a more so called market-driven school system? Was it being driven in different directions? What was the real motivation? What would be the long term consequences of it? And, of course, you'll have, by and large, unions very strongly committed to a centralised bargaining system; and they could see a government heading, probably, in the other direction at the time.

PB: Why do you think unions held the views they did against the bulk funding of teachers' salaries and for preserving the centralised bargaining system as you just put it?

HF: Well ... um ... I think it's something that's been part of their *raison d'être* ... um ... for years. Unions ... ultimately are about negotiating pay and conditions for their members ... so therefore they would have a strong vested interest in wanting to represent as many teachers as they could, so I don't think it was at all surprising that they would be opposed to it. By the same token, I mean, you could have had bulk funding and then there still could have been a highly centralised system because as I said, I think we were moving in that direction. I think too, as I recall – to the extent that there were any discussions around site-based bargaining, they would have almost certainly been a bit like bulk funding; an opt out system, but then like any system, they would have found a small number of people opting out who would still probably, in effect, be free-riding upon any centralised collective.

PB: Can you comment about any specific schools where bulk funding operated? Do you have any recollections from your time as Secretary of Education?

HF: Um ... I mean the main one I can think of – and I mean I can remember meeting and discussing with the ... there was a small group of schools that were committed to bulk funding. They had formed an association but it probably ... one of the leading ones would have been (Avondale College) with (Phil Raffills). You see, I mean, my characterisation of the schools that opted in was that, by and large, they were filled with people who were quite happy to take on additional responsibilities. They were confident in their ability to do so. They liked the greater freedom and flexibility. I think there were a lot of other schools ... and sometimes size does matter. You would feel that they would struggle to cope with the additional demands ... some of those schools obviously found it difficult just managing all the legal and general employment responsibilities associated with ... and that flowed from *Tomorrow's Schools*. They might struggle to get the skills on their Boards ... the skills on their staff ... They were things that people were not necessarily trained for. Some of the bigger schools like (Avondale College) had access to a lot more skills and capabilities ... but they were kind of ... it was probably people who were less worried about compliances and controls and who were much more confident in their own ability, you know, to manage. And again, one of the characteristics that was happening to some schools, most of whose names I won't remember now ... is that there was sort of a level of leadership; there was a feeling of confidence among the staff that they knew what, you know, they were looking to do... and I mean they were also quite committed to better attitudes and outcomes in their schools in their own way.

PB: Did you agree with the abolition of bulk funding in June 2000?

HF: Um ... Did I agree with it? ... You know, I think it had got to the point ... it had got to the stage where ... again ... that was abolished by the new government. So the previous government had, you know, had ... I can't remember what the figures were now ... but

you know, the 'opt in' policy was being run. Did we get up to 30% of schools opting in? ... Was it? So, yeah, no doubt there was about a 30 to 70% percentage split, and I still think that at some point it would have required the government, basically to say, that it was going to happen for everyone ... or no one. So whether I agreed or disagreed with it, the fact was that we had a change of government ... and the new government was committed to stopping it. And it did!

PB: Some politicians in New Zealand are now suggesting that bulk funding should be re-introduced. Do you agree with that (Howard)?

HF: I think you've got to say, if I were running a school ... I would quite like to have the freedom of having control over my entire budget and things like that. However, I would answer that question slightly different by tackling it from two perspectives: one is your priority ought to be lifting your students' achievement and so if you assumed bulk funding was going to cost you something to come in, as opposed to just redistributing money, then you'd have to ask this question 'If it's going to cost you some tens of millions of dollars to bring in bulk funding, 'Is that going to deliver you a better and faster rate of improving student outcomes than doing some other things?' My gut instinct would be you'd choose the other things. There's probably a range of other things you could invest in and you would do better to do that, rather than bringing in bulk funding again. I think, probably that the government of the day, when they stopped it ... they had put quite a lot of the money that had been set aside for bulk funding back into the school system and yet it still didn't fill the spot for schools who came along and wanted money for this, that and the other thing. So I think by itself ... I don't think it'd be the highest priority that we could spend money on.

PB: Yes, that view seems to be consonant with some current politicians who haven't supported Sir Roger Douglas' Private Member's Bill and who seem to suggest that bulk funding is better left in the past. Why do you think that they might hold that view?

HF: Well, with some of this you're getting into a political economy question, which is 'Where does the government want to spend its political capital? ... And if you are just changing a funding system and you have no guarantees over how that funding is going to be used for improvements or anything – so it could be just used very wisely – or it could just be frittered away. I think the second issue for any government is the fiscal one because, as I said, if you just do it around an average teacher's salary like \$50,000 across a school, then you get winners and losers and that raises quite tricky sort of adjustment issues where a school that's a 'loser' may have to reduce staff and a school that's a 'winner' clearly has more capacity ... and if the government were to create so called 'losers' you'd find you've got to pitch the bulk funding at the top of the scale. OK, and if you pitch it at the top of the scale, then that becomes fiscally quite expensive; so again, if you put that into a fiscal climate of saying 'Well, actually, to do it at the top of the scale is going to cost you 60, 70 or whatever millions of dollars, when then it comes back to – Which will get you a better bang for your buck?' ... If you spend it somewhat differently ... I just think ... so you could sort of say that over the past three years, the current government has been putting all its energy into National Standards

which it clearly believes is far more important than bulk funding. So they're still having the same concerns ... such as 'Where should you pick your battles?'

PB: So how would you assess the current state ... right now ... of New Zealand education?

HF: Well, I have a view that we have quite a good system, but one that could clearly be done – and could do better. I think that if you look across our education system over the last twenty years going back to the late '80s and early '90s, far more changes happened than people get credit for. I think that *Tomorrow's Schools* was a very major change in the sense that we were ending up with one of the most devolved systems... and that was a big element of shifting capabilities and experienced teachers in order to do it. It was probably quite significantly under-invested. The system's gone through two major curriculum reforms; the first one was rolling out a modern curriculum from about '89 to '96 and then there was the review of that curriculum and where that led us to... that review has added, again, quite significant changes; particularly around, the competency issues that kids are learning about, you know, creativity, problem-solving and so on and so forth. So I think that has been an enormous challenge, but also one where the profession has ended up getting one of the best curriculums in the world. We just have to work out how to let it live on as well as we can. I then think that if you look at other parts of the system, the system's just hugely more transparent than it was twenty years ago. I mean, twenty years ago the schools could not really tell a parent how well their kids were doing in relation to a national norm. What are we doing about it? And how are we going to tell if your kid is improving or not? So I think that the work around literacy and numeracy and the development of diagnostic tools like ASPEL, like the numeracy tools ... there's just been a huge focus on ... they've been supported by exemplars of student achievement ... and things like that. And if you look at the senior part of the secondary schools, it's moved from a profession totally divided by views of assessment...where now...we're not perfect...the NCEA which wasn't compromised, is pretty well embedded in. It's a lot more transparent in the sense that people can tell 'Well, what do I have to do to achieve particular goals?' as opposed to... a bit of a lottery around the exams. Secondary schools have shifted their matrix from 'Did I get 30% of my kids getting a Bursary A or B?' ... to, actually ... 'How well did I do with the entire cohort?'. From across the entire cohort nationally, we've still got too many kids not doing well enough, but actually, the qualification level of school leavers as a whole ... has lifted very significantly ... and I think if you look around at some of the kids in poorer areas or at Maori/Pasifika ... I think, again, there's some distance to go but clearly some very significant shifts boosting achievement ... so there are sorts of issues where we could still do quite a lot better, but I think if you took a view over twenty years of how the system has actually adjusted; just, for example, if we took a look at the Early Childhood sector. That's been a massive labour market reform that has taken place where the average qualification level of kindergarten teachers went from Level 4 to Level 7. I mean, that's a huge investment ... and an upskilling, you know, of a critical part of the labour market. So, the sloganistic way that I used to say it was "I think we've got a really good system; but it's not a great system yet!". However, it is one that basically stands up. I mean, it's probably not unrelated to our bulk-funding

conversations. I think it's a system where ... it's characterised by a weak collective professionalism. I think you've got strong individual professionals, but if you look at the profession as a whole, they are not very well supported by research in public policy, a sort of analytical base; so therefore they tend to be stronger at advocacy rather than putting forward alternative professional agendas and engaging with the government around that.

PB: And my last question; looking back historically, what do you think the overall impact of the debate about the bulk funding of teachers' salaries actually was?

HF: Well, given where we finished up, I think it was just a diversion! ... for about seven years. So we ended up where we started.

PB: Back to square one?

HF: Back to square one. So that has to be a waste of time ... although having said that, there were things like Management Units that built some greater flexibility into the schools and things like that. But you've kind of got to say when a country spends eight years having this massive debate about one particular policy and ending up back where it started, then that has to be seen as a wasted effort! ... rightly or wrongly.

PB: Thank you very much.

HF: That's all right.

APPENDIX IV**INTERVIEW WITH DR. LIZ GORDON, FORMER ALLIANCE M.P. 17 AUGUST 2011, HAREWOOD, CHRISTCHURCH.**

Perry Bayer, Researcher **(PB)**

Dr.Liz Gordon, Subject **(LG)**

PB: So, thank you for seeing me (Liz). Would you mind telling me about your involvement in education over the years?

LG: Well, I did my BA in Educational Psychology at (Massey) between 1979 and 1982, and won a (Massey Scholarship), which gave me \$2,000, which was quite a lot of money in those days, as long as I did a Master's Degree. So I thought, "Oh, I'll do a Master's." And I did that, and basically dropped the Psychology because I decided I had more interest in Sociology, and I found that sociological explanations of things were better than psychological ones, and as I said, this was for my MA I also became interested, around that time in the Politics of Education. I did my MA thesis, actually, on Technical Education in New Zealand, which was a really interesting topic because it got into quite political debates about the relationship you do with your head and work you do with your hands, which boils down, essentially, to social class. I mean, there's no doubt about it that in talking about ... when they talk about ... when the Tories talk about the 'honest tradesman' they're talking about somebody who's 'down there', so working with your hands is inferior to working with your head in their view, and that was inverted by the time of the kinds of Harry Hollands of the 1930s who said that we should value the labour we had; that labour was valuable and it was something good we had, so it was really interesting. It's a debate that we haven't had for a few years, though. I think probably it's something that always exists and will continue to do so. In fact, on the way over here, I heard that (Nelson College for Boys) which is a very posh boys' school, is setting up a Trades' Institute and so they've seen that trades work is undervalued for boys, which I thought was most interesting. So anyway, then I decided to do a PhD and originally I was going to do an ethnography type study, sort of a Paul Willis style, but then fairly quickly ... this was sort of in the Labour years – and pretty quickly I became so interested in the political issues which were going on that I actually switched my PhD and I did an analysis of the shift from paid work to training as a response to youth unemployment. And that really got into those kinds of Codes of Aid because at the time, unemployment was sky high, and under Rogernomics was going to get higher, so it got worse and went up at a faster rate. At the same time, I was very active in the Labour Party. I'd joined the Labour Party in about 1982, and we set up a Branch called the Turitea Branch, which was essentially a University Branch, and during the 1985–1986 years,

I was acting as Co-ordinator of that Branch, and came face to face with Roger Douglas, and he made us famous by being reported as saying: "There is this Branch in Palmerston North that ...!" and he refused to say any more. So that was really interesting. Anyway, in 1986, I got myself elected as a Labour Party National Councillor; as a Women's Representative. At the time, I got phoned up to be asked would I accept the nomination? I'd been nominated by some people who I knew but hadn't got around to ... and they hadn't actually told me. I remember I said, "I don't even know what the National Council is!" and I didn't. So I sort of got thrown into national politics which was really quite exciting, and then the following year I was seen very much as one of the anti-Rogernomics leaders, and so I got elected to the National Executive-actually pushing Helen Clark off in the process. So that was amazing. So I was doing this political stuff for my PhD thesis and also in the real world! I finished my PhD in '89, which was the same year the Labour Party fell apart. I was on the National Executive and I walked away. Two of us from the five on the National Executive actually walked away and set up shop with Jim Anderton.

PB: In New Labour ...?

LG: In New Labour. That's right. So I actually became a New Labour Spokesperson ... I was their Education Spokesperson. I was their go to person for Education. At the same time, I moved down here, to Canterbury and by that stage, I was kind of interested in ... the first issue is that there's a paper by John Codd; who's now dead, of course, Richard Harker and I called, "The School Charter ..." and something, something. It's about contractual issues.

PB: Yes, I had read it in Professor Codd's course.

LG: It's a paper that's been massively cited nationally – and internationally. It's been reprinted several times. And that paper just caused a huge furore and at the time, John Codd was in huge fights with David Lange. Ivan Snook was declaring his undying opposition ... and they were my two Supervisors, so I found it interesting and I really got into this stuff. So I came down here and I took up this position at Canterbury ... I'd been working as a full-time academic for about two years already at Massey, post PhD ... so I came down here and I found the workload, after a dual course in internal extramural Massey ... a huge workload there; down here I found the workload virtually nothing. I found there wasn't much at all and I always wondered how they'd gotten to be able to work that. And so I researched. And during that period from 1990 to 1996, before I went into Parliament, I produced over fifty papers on what was happening in education policy. I wrote about Tertiary. I wrote about teachers. I wrote about bulk funding. So it was kind of a golden era, really. It was great. And later on I became a Member of Parliament in '96. I spent six years in Parliament. Then I was unable to get back into the University system. I can't move from Christchurch because I've met and married (a lovely man who's got health issues) and so really, I don't even want to move now. It's home now. That's right. And so I set up my own Company. I've been running that. So that's basically my story. And I'm still involved in politics. I'm helping the Mana Party write their

Education policies; I'm actually re-writing, checking and adding because (John Minto) wrote it. I may also well write their Justice policy because that's one of my interests now since I've done a post-University Law degree as well.

PB: So you're moving into that whole Justice area now.

LG: That's right. Well, I've got several interests in various elements of Justice. So that's me. But I'm not standing for the Mana Party this time, despite lots of pressure.

PB: To give yourself a break?

LG: Well, I don't want to. I mean, I'm going to help them. They have the potential of being a good party but ... I'm a bit suspicious. We'll see. I'm not disrespecting them, but having had a bad experience in politics, I don't want to, you know, go back there. so that's my situation currently ... and bulk funding was, simply ... one of the core struggles. It was National's huge loss. Lockwood Smith's right. They did it very badly, but what bulk funding was, more than anything else, it was below the bottom line because everybody knew that as soon as bulk funding had been achieved, there'd be what the PPTA had called bulk underfunding; that is the Government would be able to distance itself and say, "You've got all the funding. You decide how you do it". And the relationship between funding and pay would dislocate which would put huge pressure on the pay system and have people breaking away and whatever. So it would have also been the breakdown of the national pay scales too, and what teachers could aspire to do and be.

PB: (Liz), when did you first hear the term 'bulk funding' and what did you understand by it? Was it in the late '80s?

LG: Hmmm ... it wasn't in the late '80s, and I don't know if it was called that. Um ... I don't think I understood its significance at first, but it emerged when it was to do with the devolution of funding to schools, and the simultaneous reducing of the size and the scope of the Department of Education at both the national and regional levels. So that was the bulk funding of what became known as the Operations Grant, and there was a fight at the ... No, I don't think there was a fight. Fortunately or fortuitously, you might say, Labour thought that devolving all the funding straight away would cause too many problems and so they delayed the funding of the Salary Grant component, which is what they called it. So in '89, just the Operations Grant component was introduced. I used to run a workshop a lot through the early 1990s ... and I mean, six people took it, there were four schools; a mix of rich schools and poor schools. *Rich Schools or Poor Schools* was actually the title of my 1994 paper in the NZJES; and the workshop had budgets and it had dealt with political situations ... there were things that happened. And basically it was a way to demonstrate that the rich schools got richer and the poor schools even poorer. And I parlayed that into quite a number of national forums; that was quite a big thing. It really opened people's eyes. It was a politicisation tool to an extent but the thing is it was somewhat basic because basically and originally, there was no decile funding. It didn't come in until 1990. All schools

got the same and they immediately realised that poor schools needed more. Much more. And so they did remember decile funding and then they changed it again later, changed the formula ... but what the workshop played on was the number of things that ...ah ...happened in poor schools that they had to deal with, that don't happen in rich schools, which tend to make it impossible for the poor schools to move forward in the same sorts of ways. And some people might say, "Oh, it's unrealistic!" And I used to switch role play positions between the rich school principals and the poor school principals and, of course, the poor schools would love it and be really smug if they were playing rich schools. They were great fun. So that was how it was then.

PB: So why do you think they really held off on the bulk funding of salaries? I mean, they had done the Operations Grant, as you had said.

LG: Well, they said that it was too hard to do it all at once. It may well be that there were politics to consider ... but it's hard to say because, frankly, by 1989 there wasn't much politics left in Labour, and maybe you should ask the unions, "Was it your influence that stopped the bulk funding of the salary component?"

PB: Well, PPTA interviewees have said that they protested against it vigorously ...

LG: Yes, but that's not the same as it being ... as it actually having the effect. I mean, some could say that they were always protestors against everything! So it's not clear. The top Labour officials did tell me once that it was simply too hard. And I'm pretty sure that there was still some opposition within Labour too. It probably could be worth talking to (Margaret Austin). She lives in Christchurch. You should give her a ring. I know she's around at the moment. I saw her.

PB: I just did, too.

LG: Oh, right. Well, she was Chair of the Select Committee so you could ask her whether there was some opposition or stuff, but it's hard to know ... and I don't know if (Goff) addressed that issue, either. But the reality was that they didn't do it and that they then missed the boat on it. So, there was National; they were committed to doing it. Now was that their position? I can't quite remember. They had a funny position on it. But pretty quickly they sort of tried to push it through. And I can't recall exactly why. I mean, this was nearly twenty years ago now, so it's not easy for me to remember. But there were about five stages of (Lockwood's) strategy. You need to realise at the same time, he had a certain young little (Matthew Hooton) in his Office. Yes, now that boy was kind of really trying to push it through. And things got quite dirty. My husband got very upset when they attacked me personally; they said I was a low-quality, low-rate researcher. My husband said, "You should go and see them and complain!" and I said, "No ... What's the point? I'm over them. I won't sue. It must be that I'm making a difference. And that's good!"

PB: Do you think that they felt threatened?

LG: Yes. That's right. Well, they're all good at that. I used to say if I was going to play it safe, I'd be disappointed. But I'd go up and see them and try to see things they way that they were seeing them. But the fact is, you know, the fact of my research work... I was controversial at the time on a range of fronts! The rich schools versus the poor schools' thing, for example, which was kind of my main research area. I also had a go at (Christchurch Girls' High School) down here – you might have seen the paper I wrote on it. It was on the way they used to use enrolment schemes to enhance their own status. And they took people in by only one way, and that was by interview and there was no challenge to this. It was terrible. But there was a big sort of anti-group here called the (Christchurch Girls' High School Rejects' Association). Yeah, they were great! Quite good politics. And that school wrote to the Vice-Chancellor and asked for me to be sanctioned for what I had written about them in the media, and he was great. He was a model of how a Vice-Chancellor should act in such circumstances. He wrote to them and said, "I have passed a copy of your complaints on to (Dr.Gordon)", and then he passed a copy of his letter on to me. So that was good. It was academic freedom. It was a model of how you should do it.

PB: You were mentioning that it was a priority for National to follow through on the bulk funding of teachers' salaries as a policy ... ?

LG: Well, I think it was. I'm trying to remember what the policy actually was. I think I might have covered it in one of my papers that I was referring to. It should be written there. Have you got my 1992 paper, which was called "The Bulk Funding of Teachers' Salaries", as I recall? That was an early paper, so that should have those policy starting dates ... and the later process.

PB: Yes, I have, thanks ... Do you think that National's policy was well-implemented in those years that the bulk funding of teachers' salaries ran, say the 1991-2000 period?

LG: No! They made an absolute dog's breakfast of it!

PB: What were the main reasons for that failure?

LG: Well, I think the main thing was that the threat of bulk underfunding really mobilised the unions. Now it's quite interesting because if you take comparisons with the stuff going on today, say with National Standards, you'll see that that issue has also mobilised the NZEI very heavily, the which battle National appears to be winning. So the question is, even though National doesn't even care about the unions; they're quite happy to fight them, that gives them votes, people who vote National generally aren't very happy with the unions, I mean, it's not always true, there are some National-voting unionists but, in general, National's not worried about that ...

PB: You mean, there's a comparison to be made with bulk funding, a policy that "didn't work" quote unquote?

LG: Yes. That's right. So the question is, "Was (Lockwood) simply too timid?" which is probably what he would have told you, I mean, there's a really important issue here because if their plan had succeeded; if we now had a system where each board of trustees negotiated contracts, individual employment contracts with staff, you know, as happened in the Health area ... It's hard to imagine, isn't it? ... You know ... that these volunteer boards of trustees who would also have quite enough on their plates, would also be doing that. And the costs would just be tremendous. And yet, arguably, that's what National wanted. So, in a sense, the policy they wanted grounding the bulk funding of salaries was so inefficient and so ideological that ... what I mean by that was that they were simply following their ideology. It was about union crushing. It was about devolution being the only way to do things... and, also, I mean ... schools being run like businesses and all that kind of crap that they talked about ... you know ... um ... which raises this question, "Was it simply a bad policy that became unimplementable?". It could be. Or, "Was it a policy fight in which the unions did so well that they won?". Or, "Was National so bad in doing their implementation that they simply didn't achieve their goal?". I think that it might have been a mixture of all of those.

PB: Why do you think that National made it voluntary for school to join the bulk funding of teachers' salaries?

LG: Oh, I know exactly why they made it voluntary and that was to make it voluntary first and then afterwards to make it compulsory. And the voluntarism thing is most interesting because those schools who voluntarily opted in then set themselves up as – they had a number of names – what were they first called? That national group?

PB: At one point, it was the Association of Bulk-Funded Schools.

LG: That's right. They might have had another name before as well. Anyway, regardless of the names, they actually had these schools that were pushing for what they were wanting and some of them were saying fairly weird things, too. They weren't exactly helping to allay fears about their cause. So the idea was to get a lot of people going in. It was also a cause for bribery and so on; at one point, they were giving extra money for schools to do it. So what they were hoping to do was to get the... ah ... they've probably achieved it now with National Standards ... was to get the tipping point of schools nationally; a sort of "Well, we've got all these schools doing it so what are you complaining about?" you know, and to encourage them, "Why don't you join next year?".

PB: You remind me that some of the principals from that era - I'm thinking of (Mr Peachey) - claimed that it was the best system that they ever had. Can you comment on any specific school examples that you know about in that era?

LG: No, well certainly the idea that it might have gone OK in a particular school wasn't really my interest. My interest was and is in an effective schooling system and what I know is that other people who've tried that whole school autonomy thing have found

that at a systems level, it hasn't really done anything. For example, Charter Schools in the United States are a really good example of this; you know they give them the money and almost say, "Go to it!" and when you read the stories of individual Charter Schools; actually some pan out dramatically, but some of the good stories are just heart-warming ... about where they're going into the inner cities and working with these really disadvantaged kids. They give them a new curriculum, a new vision and a new discipline. When you look at Christy Bianski's analysis of Charter Schools as a whole, and Mary Beth Celio's work, you will see there's been no overall improvement in the educational outcomes of kids who go to Charter Schools as compared to kids who go to non-Charter Schools, so in other words, of course, you can make the case so that School A or B is going to be a 'better school', but my interest is in the overall schooling system and the question is, "Does this level of autonomy lead to a better system?" ... and the answer is No! No, it doesn't and no, it can't because the problems that underlie the system are not about who pays the salaries, or even whether it's trained versus untrained teachers and that sort of stuff, which is the debate that they've all been having in the States. It's about the nature and the disposition of the schooling system within the given society, and in society as a whole.

PB: In my research into Charter Schools, there were claims that performance pay criteria (i.e. merit pay in another garb) really worked. How did you see merit pay issues contributing to the bulk funding debate?

LG: It was just terrible! It was so divisive! It's based so much on the view of people being money-seeking individuals, you know. I have no doubt it would work for those who get it, if you see what I mean, but the whole issue of performance pay is that not everybody gets it. And those who don't get it become disgruntled. That's why it's divisive. You know, it's just daft, really. Let's say two people were being teachers; instead of dividing them, let's then use professional development as ways to improve and enhance teachers on the staff. I'm doing some work at the moment on restorative justice in the schools and basically restorative schools give up suspension and expulsion; in fact, they give up punishment and move to a situation which is where they work with the child to make good the harm that he or she has caused to the community. It's difficult ... and it's awful, and it requires a coming-together of parties and so on, but what it does is it keeps them in school and it provides the motivation to learn to often the most disadvantaged students. To give form to a restorative justice system, brought into every school in New Zealand, could provide so much more than, as I say, the suspension and so forth system, even at its best; but at its best, any performance pay regime would be a very weak tool for improving the system. The main drawback is that it's a very weak and indirect way of doing salaries.

PB: One school I've been reading about was (Waimea College). (Mr McMurray) the Principal wanted bulk funding and merit pay. (Mr Ledingham), the PPTA Rep. resisted and there was big industrial strife. Why do you think bulk funding was so contentious over those years?

LG: Well, it boils down to very basic principles about a national collective employment strategy. About the resistance from the PPTA, actually, well, the PPTA was particularly under threat because under performance pay systems, secondary teachers could on a voluntary basis belong to the union, and the PPTA, being as it is, needs a really high membership in order to do what it does. It's also a militant union. There's no doubt about that. Grumpy old grouches who've got a really stropy union culture, there's no doubt about it, they still present a strong face, though. They're effective. I quite like them. Their way of doing things is very challenging ... and very attacking. So, and (Waimea College) is quite interesting because (Waimea College) now is integrating the campus between (Waimea College, Waimea Intermediate and Waimea Primary) and they're a huge bundle of Restorative Justice. They are doing really good work in those schools. Really, really good work. So they've come through all of this and they've found another way of dealing with it. There were some very personal backers and attackers ... partly it was (Lockwood Smith's) personality because he went around sort of smiling everywhere and people really wanted to get him. And there were some famous incidents. But there was a lot of other stuff going on at that time which was also quite funny, but really very attacking. In the 1993 Election, I think it was, Jim Anderton went down to Otago University and supported a fee strike, a sit in by the students. (Earthquake rattles building.) Ooh, what's that?!

PB: An aftershock.

LG: Yes, it'll be a 3.4 or something. Anyway, he got a trespass order slapped on him, the first time and only time an M.P.'s ever had a trespass order slapped on him at the university. And (Dr. Judith Medlicott) who was New Zealand Mastermind and the Chancellor of Otago University went on the Holmes Show – I'm going back a wee way – and said that they can't have students cutting up the staircases. And the whole thing was just this huge farce. Also great fun. There was the spirit of activism; of engaging in activism against awful policies that were happening all over the place, you know ... and people were being forced to hop out of windows at Otago University because the doors were barricaded. I think, apparently, the Vice-Chancellor chose to go out of the window rather than facing the crowds, which some people saw as quite a victory. But it was a pretty sad event, you know; the whole thing was farcical ... so all of that was kind of going on and bulk funding was more related to a number of other issues and different areas. Yeah, no, I think in the end it was unimplementable given the range of things happening, and this then raises the question, especially for Lockwood Smith, "Why would you implement policy that would be so divisive? Why would you bother, as a Minister, to pursue that line? I mean, what was to be gained?" And I guess, he'd go on about all his good times at various schools, but then you could say the evidence, internationally, from many different education systems shows it doesn't work. So why would you bother? Maybe it was just a Tory thing. Muscle flexing. Yeah. The Tory thing. I just don't see the relevance. I just thought it was a stupid policy.

PB: I've also read that the NZEI took a leading role in the fight back ...?

LG: They did. They did indeed.

PB: Would you care to comment more about their role? Was it more than the PPTA's?

LG: Now someone did a thesis on the NZEI's fight, too... I wonder who wrote that again. I remember I marked that too. I can't remember if they did it through Massey or not now, though ... you'd need to look it up. Add it to (Joce Jesson's) excellent thesis on the PPTA's role. And the NZEI certainly felt they were playing the leading role, while the PPTA felt that the NZEI didn't do enough. I know that. But, in fact, I think that both unions played really strong roles, but unfortunately they weren't talking to each other at the time ... So here was me arguing that they should co-operate.

PB: How did you feel in June 2000 when the bulk funding of teachers' salaries' policy was officially abolished?

LG: Well, I was a member of that government ... so, you know obviously I was part of that and I passed that. I didn't feel. I did it! So, it was a satisfying day, yes. You say 'officially abolish' but National could have brought it back at any time and don't hold your breath for the next three years. (Tolley) may decide to turn her attention to this. Her case would be a lot weaker now because we could point to so many areas, like the Charter Schools, where it's been tried and failed. It hasn't done what they've said it was going to do. And, of course, more inequalities and so on.

PB: Your point about the Minister's possible future intentions is interesting ... Sir Roger Douglas actually had a Private Member's Bill last year. There wasn't massive enthusiasm on the Government side to bring back bulk funding, apart from (Mr. Peachey). What do you think are the real chances for re-introducing the policy?

LG: I think it's very likely that they'll try again and I think there'll be just as strong opposition; in fact, possibly even stronger because even with that relationship between teacher salaries and what the government pays being signed and sealed, schools are feeling very poor, and they know that this is not a path to enrichment for them, but a path to further impoverishment. So boards will oppose it, the unions will oppose it, Labour will oppose it, of course, and there'll be a jolly good opportunity for quite good civil actions to show that this was not good policy. Certainly, I'd take a role in that. If that came up, that'd be fun.

PB: Why might they try it, do you think, in their probable second term?

LG: They'll say it's the issue I was talking about before that that was why they did it in the '90s in the first place. It's a bit of a Tory thing. That's the only answer I can give. I'm sure my ex-colleague (John Clark) would have a much better and much more lucid explanation. It seems to me that it's something they could force and then raise funds locally for local schools.

PB: Well, we're interested in why the National Party dropped bulk funding from their

Manifesto. Was it due to the prevailing political climate...?

LG: Well, that's a silly thing to say, really, isn't it? Because the whole point of government is to make the political climate. Although, the answer might lie in John Key. He's a pragmatist. Did you ask Lockwood?

PB: Yeah, I did and he said it probably belongs in the past now. Mr. Peachey said it belongs in the present and should never have been got rid of.

LG: So there's a mixture of opinions. But you certainly can't rule it out for coming back in.

PB: What do you make of the current state of New Zealand education right now in 2011, (Liz)?

LG: I've always been opposed to *Tomorrow's Schools*. I think the idea of having school communities run individual schools is a terrible idea and inefficient and, at times, really damaging. I was just listening to (Anne Tolley) saying this morning that they'd have to rewrite the Charters for schools that won't put National Standards in. And I just thought, "Where's the autonomy when they start doing that?" So, it's autonomy, but it's only autonomy in the very minor sense that you have all this responsibility. We always on the Quality Public Education Coalition (QPEC), the national organisation which I'm the National Spokesperson of, our position was always to call for a proper review of it because we think it's a really good time to have a look at actually what's happening. We don't believe that education in New Zealand since 'Tomorrow's Schools' has improved. We think it's got a bit worse, and in some areas and some places, more than a bit worse. Our aim is to call for a review of it with a view to the possibility of remaking the national system. We're absolutely committed to ensuring that every child gets a good education. As I said, I'm working quite strongly on restorative justice issues which keeps children in the school. One of the important things is that this autonomy disengages schools from their responsibilities as New Zealand state schools in a national system. It makes them think that they've got total autonomy. And they're really happy to sacrifice children in order to maintain their status. And that shouldn't be allowed to happen. If the school is in danger of losing status, it should get the help to ensure that it doesn't. Every school should be a good school. That's always been my position. So to sum up, there're a lot of schools doing great work. There really are. I've just been round doing some research at a number of schools and it's just fantastic seeing the wonderful, wonderful work. The curriculum's really interesting, I think. So most children have excellent opportunities but it's in spite of rather than because of the current system.

PB: And looking back historically, what do you think the overall impact of the bulk funding of teachers' salaries' education policy was?

LG: Well, it didn't happen! I think that what it did in the minds of those people who were in that struggle was that it showed that the political system is a competitive system.

I think that what you've got with the bulk-funding struggle in the 1990s was that it underlined that it was a competitive system in schools, too. So, yes, "We're the best! We're the greatest!" type attitudes. So it actually kind of accelerated the mood towards competition among schools which has now led to a situation in which every school practically has to deal with it. So it is a competitive system. Schools do sacrifice individuals through suspensions and expulsions in order to maintain their own status. And that's terrible. Well, what happens is that they end up costing each and every one of us about \$2,000 a year in prison. And that's silly.

PB: Any other comments on bulk funding before we wrap up?

LG: No, I don't think so.

PB: Thank you very much.

APPENDIX V

INTERVIEW WITH SHONA HEARN SMITH, FORMER PRESIDENT NZPPTA.18 JULY 2011, WAITAKERE COLLEGE, AUCKLAND.

Perry Bayer, Researcher (PB)
Shona Hearn Smith, Subject (SH)

PB: So, thank you for seeing me (Shona). Could you first go through your involvement in education over the years?

SH: Oh well, I've been an English teacher since, gosh Since I started teaching it must be well over thirty years. Yes, since 1976 and I've worked in four different Auckland schools and I became active in the Post-Primary Teachers' Association quite early on in my teaching career ... and also was a founding member of Auckland Feminist Teachers and campaigned against violence in education, so I guess I was on the sort of change side of things a fair bit.. and over the years became increasingly active in PPTA until eventually I was on the National Executive ... and I was National President from 1990 until 1991 and senior Vice President, obviously, for the next two years after that. I'm still a member, although my involvement is obviously now just as a Branch member, really, and at quite a low level ... and I'm currently a member of the NZQA Board as well.

PB: Thank you, that's pretty comprehensive. What did you understand by the term, 'bulk funding'?

SH: I guess as it was used in this debate, it applied to the bulk funding of teachers' salaries. So it was about, instead of saying that teachers salaries will be paid on a national scale - they will be paid from a centrally determined fund so that schools appoint the person they believe is the best person for the job with whatever experience and so on that seems appropriate and not having to think about how much that teacher costs, but that if you have bulk funding, it involves giving each board a lump sum and saying "Manage your staffing within that," which we felt, as members of the PPTA, would end up with boards having to make compromises in terms of hiring the best person.

PB: You were the PPTA's National President when bulk funding had come in for the operations grant and there were moves afoot to bring it in for teachers' salaries, which eventually started in 1992. Do you think that the bulk funding of teachers salaries was well-implemented during the years that it ran (1992 -2000)?

SH: Ah ...well, no ... because it obviously led to a great deal of tension and unhappiness. and difficulties in schools ... and therefore was ultimately abandoned and that

in itself is a fairly good indication of its lack of success.

PB: And when had you first heard about the bulk funding of teachers' salaries as an idea?

SH: It's honestly hard to remember now. I would think that we would have been aware of it as a possible idea in the 1980s. Did it emerge in the sort of... it most have emerged in the Picot Report. Also the notion of performance pay had probably been talked about for quite a while before the notion of bulk funding came in. Would it have been before Picot? I am trying to think of when we commissioned the ... ah ... Munro Report. We did that, obviously, because we were aware that the notion of performance pay was gaining currency ... the agenda for performance pay in education was gaining currency ... and we wanted to get some more concrete research out there to show that it wasn't necessarily such a good idea.

PB: And what sort of feedback were you getting from PPTA members about the time that the bulk funding of teachers' salaries was coming in?

SH: Well, I think, as I recall ... the actual implementation of bulk funding was a little later than my Presidency. What we certainly had was very strong resistance by teachers to the kind of agenda of change that was being forced through in *Tomorrow's Schools*. So in that obviously bulk funding was a sort of later development of the same thing. We certainly had massive resistance from teachers and it actually made me very sad because as you have probably gathered, I guess a lot of my direction in my career was actually about what I would have seen as progressive change which was about improving education and I mean really improving education, I mean what actually happens for kids. And while I was very actively involved in the union, I was also a founding member of the New Zealand Association for Teachers of English, the NZATE... I was very active in my subject association... and a lot of my union work was actually on that curriculum and assessment side, and so in my earlier years of involvement in the PPTA; the PPTA would have been seen as being a leader of change ... and it was a real shift, a sort of bad outcome, I guess of *Tomorrow's Schools* that teachers went into a much more defensive mode because they had a lot of change, mainly of an industrial kind, thrust upon them and so teachers started to get into a knee-jerk response that all change was bad, which, of course, is not the case. And I think it's taken a long, long time for us to recover from that and move to a position where probably the majority of teachers are more willing to look at progressive change of an educational nature.

PB: So, obviously, in your view, bulk funding was quite bad for the cause of educational change as a whole?

SH: Oh very, very detrimental, yes. Of course, we all understand that there were elements of *Tomorrow's Schools* that were not necessarily a bad thing but in a way, ironically, I would say the most obvious one the rhetoric that was used to sell it off, you know, involving parents and giving them, you know, a full role in education, etc etc ... Well, in secondary schools, we'd always had elected boards of trustees,

well, actually, boards of governors. It was only new for primary. So we were never opposed to that – at all. But it was this other agenda that was going along with it that we were not keen on. You know, teachers saw fairly quickly that that side of it was not good. So the battle that we had while I was President was actually around some other aspects of change which were to do with employer prerogative essentially... around things like the huge battle that we had in a contract round around discipline and changing the rules around cases of discipline and competence cases which would have given the employers more prerogative to just sort of almost summarily dismiss someone without going through due process. And certainly teachers were very much onside with the unions in that, so much that they actually endorsed the fact that we made a nil pay offer. We actually said “We’ll take nothing as long as you don’t do this change,” which was pretty major. So yeah, I think the general impetus was to be pretty cautious and suspicious of what bulk funding was supposed to be able to deliver.

PB: Do you remember Ministers forcing through change with regards to the bulk funding of teachers’ salaries?

SH: Ah, yes ... as I said, that was a little bit later – when I had finished; after I was not President, so I wasn’t quite as actively involved ... but, so I mean, you probably now have a better chronology than I do. You know, these days, I have to get out the documents to remind myself of the sequence of events. If somebody prompts me with a few bits, well then I start to remember. So I’m sorry I’m not being very useful here.

PB: Oh no, you are being very useful. Why do you think that the bulk funding of teachers’ salaries was a failure, in your view? Why didn’t it succeed?

SH: Well ... for a start, it was a case of some schools and not others, so it was partly because of that issue that we’d had with winner schools and loser schools, depending on the profile of their staff. And they didn’t seem to be able to get around that. And, so some boards went for it because they could see that in the short term anyway, they would have quite a lot of money to play with ... whereas others wouldn’t touch it with a barge – pole because it would not have been a good option for them. And so, in the end, we moved away from that long-held belief in New Zealand that everybody deserved a high quality public education; one that was open to all .. and that every child, whatever state school they went to, should be able to get an equivalently good deal. So that would certainly be one reason. Then because it was used with that notion of ... it was used, I guess, for a non-transparent form of performance pay. I mean, essentially, it did, in the sense of ... little bits of it did come out in the form of various sorts of bonus-type things , which really amounts to the principal’s opinion, you know. And the dilemma about that is how do you assess good performance ... and, more importantly, what does that do to collegiality? Collegiality which itself is just so much the foundation of how we work. Collegiality ... rather than some schools or individuals seeing themselves as better.

PB: Well, you raise an interesting point, because in my reading, the American researcher, Michael Apple, had thought that schools that would opt into these types of schemes

would see themselves in a better light, as winners, really. Is that your view, that the schools that actually opted into the bulk funding of teachers' salaries – that they saw themselves as ... somehow .. better?

SH: Hmm ...

PB: Because some schools did not opt to go in. But for the ones that did; at various times .. various politicians would praise them for that effort.

SH: Yes well, I don't know what the tenor of the decision was ... I mean, obviously, if you think about a place like (Avondale College).. they did go into it under (Phil Raffills) ... and from what we could gather ... you know, the PPTA Branch there ... was almost persecuted, you know ... it was made very, very difficult for people who were active members of the PPTA there – and, I think, that they did actually feel, as I said, almost persecuted inside the school ... so I can't see that really made for a happy or a 'better' workplace. Oh yes ... and in Waimea College, Nelson ... because (Roger Ledingham) who was their PPTA Staff Rep. and who was also a member of the PPTA National Exec. in my time.. and he was very, very knowledgeable about the subject of bulk funding. And yes, he would have led the opposition there and suffered accordingly... yes, so that's probably all I've got to say about that. I've run out of things to say about that.

PB: OK. Why do you think that, overall, bulk funding was so contentious? To what would you attribute it?

SH: Well, in the end, it was a contest of ideology, wasn't it? It part of that same old thing about the New Right that had gone on since ... Roger Douglas .. right through that period ... and while that approach had been applied and they'd sort of succeeded in a whole lot of other fields; in education, they come up against the strongest opposition ... in the sense that, overall, we were quite a strong, indeed, quite an effective union who had the trust of most of its members. Most of the members, actually, came to understand the issues; would believe in them themselves and would be willing to do something about it. So you had a government who were pretty determined to implement bulk funding on the one hand and a union, on the other hand, who were pretty determined not to. Also, I guess, it also related to some quite innovative strategies of various kinds which we, in the PPTA, used to keep the issue in front of the public. I guess that another thing that was absolutely key in this struggle, of course, was having the boards (of trustees) mainly onside - that there were really a lot of boards that chose not to go that way; that they didn't want to put themselves against their teachers.

PB: So you think that teachers and boards of trustees could establish solidarity sometimes?

SH: Oh, they obviously did! And in a lot of cases, they did ... and I think, really, the only cases where the teachers couldn't pursue that solidarity ... I mean,

there were schools where they had enough money to .. in that shorter-term period ... to be able to, probably, pay out a few bonuses and do a few things that made the teachers there feel ... better or special, or whatever ... and they could sort of get away with it. They weren't going to have too much conflict, except with a small group of union members ... who were remaining, perhaps, there; who were determined, and who saw the reasons why it wasn't a good thing nationwide. But yeah, anyway, sorry ... I wandered off again.

PB: No, no. So how did you feel about the abolition of bulk funding in 2000?

SH: Well, very, very pleased. It was a real success for the PPTA. And, again, it was good that in the long run ... we had just been, sort of, hanging onto the right arguments... and working through them. Then we had finally come to a point where we had reached success.

PB: And you felt it had taken a while?

SH: Oh yes, a long time. It took a while indeed.

PB: How do you feel about the current state of New Zealand education, (Shona)?

SH: Ah ... in my own school, I feel it's a very exciting place to work. I love it! I feel that our school is really making a difference for all our kids. I guess we all feel ... a lot of us who lived through that winter of discontent in 2002 ... you know, with really major industrial strife ... that time it was directly more of just a straight pay thing you know, and so on- we realised that with that virtually coming on top of the decade of tension ... it had created an environment as I had said, which made it really difficult to focus on the teaching and learning, and to have teachers willing to focus on the teaching and learning ... and to be willing to be open to focus on positive change for kids. I think, surprisingly in a way ... that we have been able to do a lot more of that; that is to say focussing on the teaching and learning ... and I think that's been a good thing. It's probably getting a lot more fragile now because the last pay rise; in the last pay round, as you probably know, we had a pitiful, pitiful settlement ... which realistically, I mean, with the Christchurch Earthquake ..., essentially, we just came to the point where the members realised that it was just not a good time for the PPTA to keep pushing ... and so most of us decided to accept something – a pay offer that was derisory, really.. I mean, and there was absolutely nothing for anybody that was a unit holder; so, someone like me, as a Deputy Principal, got a zero pay rise for my deputy principalship. You know, I just got what teachers get ... which is fair enough ... but now that almost half of teachers hold some form of Units ... and are either middle managers or higher; yet all of those are people who do a hell of a lot of work ... they have got no further recompense at all. So... I mean it's not all about money, but obviously ... eventually, you'll get to a time where if the money isn't right, you'll start to lose too many teachers, and then the pressure will go back on the ones you've already got, and then the quality of who you can recruit and so on will diminish. So I think that further to that, that if the National Government gets in again, which I guess

is the most likely scenario- they will feel able to do a lot more radical things and, you know, we're certainly looking with ... I'm sure the PPTA is also certainly looking with some alarm at the Australian Government's moving now towards some form of performance pay. Heaven only knows how they propose to do that but that could ... I'm speaking here now as a Senior Manager - I'd just hate to think what it'd be like to ... manage teachers if you're in that position of somehow evaluating them. We'd be back to what we were actually trying to oppose with ... ah ... bulk funding. We'd be back to that position of dishing out favours, if you like, and how would you choose?

PB: It's interesting that you say that because some politicians, (Mr Peachey) specifically, have called for the explicit reintroduction of bulk funding. How would you feel about that prospect?

SH: I'd feel ... I mean, I would be very, very distressed because I think it would just bring us back into the same situation of conflict as before. And as I said, the thing that is so awful is that when you get into that situation – I mean, the teaching and learning thing just goes out the door ... like, we're a low-decile school; we're a Decile 3 school with kids who come in here well below the national average in literacy .. and numeracy, for example, ... and, at the moment, I think, we're making great strides in making progress on that. But it's so hard, and we have to demand - we do; we demand a lot of our teachers. They do have to work really, really hard to do the value-added components ... and yeah, we do professional learning every Wednesday morning, you know, for an hour ... and so much of that is about collegiality ... and the sharing of ideas and so on. And who wants to get into a position where people are holding that back because if they share their ideas ... someone else might get the credit for them ... you know, all that sort of thing. So, I would certainly be quite concerned if it were to come back.

PB: So, my last question (Shona) is looking back over the past twenty years of NZ education, historically, what do you think the impact of bulk funding of teachers' salaries was, overall ?

SH: Well, I see it in terms of that battle. Well, it's hard to say in that ... because it came to an end, I'd like to think that in a way, one thing it might have made them realise is that to impose change on teachers .. nationwide.. is a very difficult thing to do ... and it might have given them pause or made them realise that it is not a politically wise thing to do. You know, I think it shows that you won't get quality change in education unless you get the majority of the teachers onside. It's not easy and you can't ride roughshod over people. You just can't.

PB: Ok well, I think that concludes it. Thank you very much for your time.

SH: OK. Good.

APPENDIX VI**INTERVIEW WITH ALLAN PEACHEY M.P, FORMER PRINCIPAL OF RANGITOTO COLLEGE. 10 MAY 2011, PARLIAMENT BUILDINGS, WELLINGTON.**

Perry Bayer, Researcher **(PB)**
Allan Peachey, Subject **(AP)**

PB: So, thank you, (Allan), for agreeing to do this interview. I wonder if you could first tell me about your involvement in education?

AP: Well, in terms of my past involvement, I've been a teacher all my working life. I was the Principal of two different schools; including (Rangitoto College) for 12 years. I retired at the age of 56 and somehow ended up in (Parliament). I currently chair the Science and Education Committee of the Parliament.

PB: Is that an interesting Committee to chair?

AP: (Umm...) It can be. It can be. Education is, unfortunately, one of the great divides between the major political parties and I regret that that's just how it is, so it can be pretty contentious sometimes.

PB: This historical subject I'm researching certainly seems to have been contentious too. So what do you understand by the term bulk funding? What does it mean to you?

AP: All that bulk funding was, was that it was a delivery mechanism to get money for teachers' salaries out of the government and to the teachers. It was simply a mechanism.

PB: And did you think that bulk funding was well implemented between 1991 and 2000, during the period when the system actually operated?

AP: I thought it was a superb system. It hugely improved when solely bulk funded schools (like Rangitoto) also took control of their own payroll. In other words, the administration payroll was taken out of central hands as well. No, I thought it was a superb system. Its one failing was that the Ministry of Education continued to treat bulk funded schools and non-bulk funded schools as if they were the same beast; whereas, in actual fact, bulk funded schools developed a whole set of different characteristics. It kind of made the Ministry of Education irrelevant in many ways.

PB: Speaking of the Ministry of Education, I was going through the files in the Archives yesterday and found that principals were put on contracts, preparatory to bulk

funding as a trial, and that then contracts went to deputy principals and senior managers as a trial, which was contentious, before ever being trialled among general staff. First, the Operational Grant and then the Salaries Grant were trialled separately, right? Do you remember anything about that particular era?

AP: I'm not sure your recollection's actually correct ...

PB: Wasn't the principal actually put on contract first, about 1990 ... 1991?

AP: Principals were moved to a fixed-tenure contract. No, it was quite a bit later than that. It was later in the '90s but that was completely independent of bulk funding. And there was no differentiation between teachers in bulk-funded schools and teachers who were not in bulk-funded schools.

PB: What about deputy principals and people who had Management Units in about 1991 – 1992? When they were put onto contracts – wasn't there some type of contestation from the teacher unions?

AP: I don't know where that idea's come from. I'm just not quite sure what you're talking about?

PB: Oh. Wasn't there some type of change in deputy principals' and people with Management Units' contracts ... round about 1992?

AP: The only change that I can recall was that – was in the way Management Units were distributed. And I think that some of the schools got a change in allocation – instead of being allocated a deputy principal's position, you were allocated a set of Management Units. If you chose to use your Management Units up with a deputy principal's position ... or not, it was up to you. Is that what you're referring to? Oh, yeah, that brought out a lot more flexibility and opened up quite a number of promotion opportunities.

PB: So what did you understand by the 'flexible salary structure'?

AP: Well, I never ever felt the salary structure was flexible. That was always one of my frustrations. I never felt bulk funding developed ultimately to the point that it could have because of the lack of flexibility in the salary structure. In other words, teachers were still employed under a rigid collective employment contract in which how much you were paid was still primarily determined by your number of years in the job; not competence or the quality of the job you were doing. The only era in which I can recall there was that little bit more flexibility was in the way Management Units might have been redefined and divided up.

R: When did you first hear about bulk funding as an idea or concept? Was it round the *Tomorrow's Schools* era?

AP: Round about 1985 or so. The *Tomorrow's Schools* document later was very important.

PB: What did you think about bulk funding at that time?

AP: Brilliant. Brilliant.

PB: Why was that? Why did it strike you so positively?

AP: Well, bulk funding was about a state of mind. You know, if you read my book you'll see I write about bulk funding, you know, quite a bit in that. But the great thing about bulk funding, in my opinion, was that it freed schools up from the rigidity of having x number of teachers. And it enabled the principal to think about staffing the school, not on the basis that you had a hundred teachers but on the basis that you had x hundred thousand dollars. So what that meant, for example, was if you had a younger, less experience staff profile, you could have, for example, more teachers. But also you could decide to create more Management Units than the number that was already allocated to you. You could use the money that way. But the brilliance of bulk funding, and few people have actually grasped this, was that every child, wherever they lived in New Zealand, whatever their family background, took the same number of dollars for their teacher's salary as every other child in New Zealand. So whether you went to (Auckland Grammar School) or (Rangitoto College) or some school on the bones of its backside ... in South Auckland, you took the same number of dollars for your teacher's salary. Under the system that currently operates and under the non-bulk funded system it's not the same; before those schools that didn't have the best qualified most experienced teachers, got far more money for their teacher salaries in their poor schools. And that seemed to me, and remains to me a major injustice! It was a problem in the system. It always staggered me that the Socialists were so brutally opposed to bulk funding, when the kids to whom it delivered the most advantages were actually our poorest kids because they were getting an equal number of dollars for their teacher salaries than the rich kids going to the flash schools were. The difference was that in the poorest schools where you could not employ from the top drawer, if you like, you could employ extra teachers for smaller classes; more highly specialist teachers and you could attract more Units to keep your best teachers and that sort of thing.

PB: Very interesting. So for teacher salaries, how did it work practically – the actual bulk funding structure, I mean?

AP: Well, the school's, the bulk funded school's staffing profile was determined just like any other school's. So it might be that you've got a number of pupils that entitles you to a wider number of teachers. Instead of the government then paying whatever the salary of those teachers was, a calculation was done to say "Right. Y number of teachers = Z number of dollars and the Z dollars were paid in monthly instalments to the school and the school then paid the wages. What it meant was, you imagine you use all your money at once, it wasn't a 'Use it or lose it' situation, you know,

you could store money up, ah, if you suddenly lost a 20-year veteran and replaced them with a first-year teacher, you didn't lose that salary or the difference in salary. You kept that money which maybe meant you could employ a second new teacher and half decide to fund your staffing pool, you know what I mean? All that sort of thing?

PB: Back to flexibility then?

AP: Very much so!

PB: Did you see merit pay coming in during your tenure at all?

AP: Well, merit pay didn't come in but I was very, very strongly committed to performance pay. And I actually believe that the next step in bulk funding was to free the bulk funded schools from the teacher employment contracts so that merit pay became a possibility. I never thought of it in quite such crude terms as that because I was of the view that the teachers' salaries should be made up of several components, of which experience was one, performance on the job another one, extra-curricular contribution another one – you know what I mean? As I saw the system, it would be one whereby teachers would be weighted differently for these various factors to arrive at what their salaries would be.

PB: So, overall, maybe looking at Rangitoto College as an example, do you think that bulk funding was a success in that period?

AP: It was a stunning success! I think the people who worked for me, when Rangitoto was a bulk-funded school, would, to a person, say that.

PB: And at that time, the Minister of Education had praised (Westlake Girls') for their introduction of bulk funding. Do you know anything about that? Or how it operated down there in the Westlakes?

AP: Not really. I wouldn't have thought it operated any differently. Actually, that's not true. I think that Rangitoto took the advantages of bulk funding right to the limit, I suspect much more so than Westlake Girls'.

PB: I suspect my next question is a bit redundant. Did you agree with the abolition of bulk funding in the year 2000?

AP: I fought it with every piece of energy and strength I had. And I still hold in contempt the politicians who did that.

PB: How did you organise the fight back at that point?

AP: Oh ... I raised submissions with the Select Committee who were hearing the legislation. I made public addresses. I tore strips off the Minister of Education.

PB: Did you feel you were listened to at that time?

AP: No. Not at all. No.

PB: Do you feel that bulk funding should be reintroduced in today's educational climate?

AP: Yes. Yes.

PB: What are your main reasons for that view?

AP: There are several. The first one is equity. Given we have the same number of dollars for every child to spend for their teacher's salary which started off – I think you get that point ... a lot of people don't ... that, to me, is the number one key point. Number two was the flexibility for schools to arrange their staffing, that is for the salaries for staffing, in a way that best suited the needs of that school. Number three, the enhanced sense of responsibility it gave principals and boards to be responsible for their schools. Number four, the potential, the mechanism provided for different means of fixing teachers' pay. Number five ... until we break these stupid bloody collective employment contracts, teaching is going to be increasingly less attractive to our most able scholars. And secondary teaching in New Zealand desperately needs able scholars.

PB: That was a theme in your book, (*What's Up with Our Schools?*) Do you think the situation is still that bad five years later?

AP: Yes! ... I suspect it's worse!

PB: So we're just not drawing in the good graduates you'd like to see in?

AP: Well, we're not drawing in enough of the top graduates, you know, men and women with the mind that people like (Brian Lamb) had. You know what I mean? Or (Mike Paterson) ... even for all his faults.

PB: I remember (Mike). He was a great stage designer.

AP: Yes, he was. And teaching needs its share of those people to lead curriculum and to lead assessment. I don't believe secondary teaching is getting anywhere near enough of them. You know, you've got to have your solid, sound, reliable, good workmanlike classroom teachers... with a good grasp. But, you know, you need a share of the best and the brightest and, in my view, teaching is not getting that at the moment and so curriculum is consequently weakened.

PB: Right. Why do you think bulk funding was such a contentious policy over its time?

AP: The main reason was that the teacher unions had agendas and remain ... continue

to have agendas that are not in the best interest of children or teaching – and they used bulk funding as a means of attacking a new government. And it suited the interests of the Labour Party. You know, it was under the Labour Government that all of this was dreamed up, you’ll remember – and the Labour Party was in what I’d describe as an unholy alliance with the teacher unions. The teacher unions funded the Labour Party very heavily in the ‘90s when it was on the bones of its backside. The payback was bulk funding being abolished. I remember having a discussion with senior (PPTA) leaders who said to me our one priority, above everything else, was to defeat bulk funding. And the bastards did it.

PB: Why do you think the teacher unions held such a strong view about bulk funding? To what do you attribute it?

AP: Well, patch protection ... and fear of change. The saddest thing underlying all of this was this notion that you can’t trust principals ... you know, a lot of the arguments that were put up against bulk funding were that ... you can’t trust principals. I thought that was a disgraceful argument.

PB: Do you think that a split maybe developed between principals and teacher union groups at that time?

AP: Well, I think splits were developing anyway because principals’ responsibilities were changing ... and the view of their responsibilities was changing. And the idea that a deputy principal was just a big teacher ... was going – and, in a way, the teacher unions were looking to control ... the management of schools, and principalship was developing in a different direction.

PB: So how would you assess the current state of New Zealand education?

AP: I don’t believe – well, I believe that as a consequence of the 2000 Education Amendment Act, New Zealand schooling took a whole pile of steps backwards on a broad range of fronts ... that it has still not recovered from.

PB: What kinds of changes would we need to improve New Zealand education, in your view?

AP: We’d almost have to strip it back to the bare bones of *Tomorrow’s Schools* – and start again. We need a much stronger emphasis on curriculum, a much stronger emphasis on standards, a much stronger emphasis on the accountability of principals and boards for the performance of schools, and employment structures that are modern and attractive to the best and the brightest. At the moment, we don’t have that.

R: It’s interesting that you mention *Tomorrow’s Schools*, (Allan). In my recent interview with a former (STA) official, they said they really believed in the principle of parental involvement that they felt *Tomorrow’s Schools* also espoused. Would you agree with

that? Would you also see the history of bulk funding as ‘a lost opportunity’?

AP: The abolition of bulk funding was the greatest crime against the education of New Zealand children in my lifetime as a teacher. It set teaching back further than any other thing that I ever saw happen because basically what it did was that it slammed the door on progress. It also basically said that the old way of doing things was OK. It developed, in my opinion, a very sharp divide between the principals of bulk-funded schools and the principals of non-bulk-funded schools. And you saw it in the way they talked and the way they thought and in the standards they set for their schools. And bulk funding was a very significant mechanism in driving up the quality of schooling in lots of communities. Anyway, you’re familiar with the North Shore. Westlake Girls’. Bulk funded. Rangitoto College. Bulk-funded. Immediately after that Westlake Boys’. Takapuna Grammar. They all went. Because they had to. They had to keep up because the bulk funded schools were driving – setting the standards. They were restructuring the staffing profiles, you know. They were no longer saying, “Well, you can’t take Subject Y because we haven’t got a teacher.” They were organising their financial resources so they could have a teacher to teach that subject and that sort of thing.

PB: And community and parental involvement? Was that important, do you think?

AP: No. No. No, peripheral stuff.

PB: *Tomorrow’s Schools* didn’t stress community involvement then, did you feel?

AP: Well, it seemed to me that *Tomorrow’s Schools* had far more significance in the primary schools than it actually had for secondary schools. We were run by boards of governors anyway. It was in the primary schools where the big change in governance occurred because the education boards were got rid of. I never even thought that it was a hell of a lot different in secondary schools, to be honest. The only difference was that some secondary schools were under composite boards whereas under *Tomorrow’s Schools* every secondary school had its own board. So the first school I headed, Colenso High School in Napier, was governed by a composite board called the Napier High School Board which covered Colenso, Napier Boys’ and Napier Girls’. Well, that had to be broken up and separate boards established. And I remember having great fun fighting with the Principals of the two other schools as to who was going to have the old Board Secretary’s desk and who was going to have the chair, you know what I mean?

PB: Had that been an unwieldy system, (Allan)?

AP: No, it worked fine at that time. But that was really the only change. For a lot of secondary schools that had sole boards of governors, not a hell of a lot changed actually.

PB: Historically speaking and in holistic terms, how would you assess the overall impact

of bulk funding on New Zealand's education system?

AP: Schools that were privileged to be bulk-funded – for many of them, it was a special time. There's no doubt that bulk funding drove up standards. It made schools much more responsive to the curriculum needs of kids; it gave principals a chance to think completely differently about how you staffed a school. And only good ever came out of that. It was a brilliant system. It was simple. It was cost efficient from the government's point of view – and above all else, it was fair to every child in New Zealand because every child, wherever they went to school, carried the same number of dollars on their heads for the teacher's salary. So if you were in a school that was employing less experienced teachers, you then got more teachers, for example.

PB: Did that happen at Rangitoto?

AP: Well, I used it massively at Rangitoto to change the profile of the staff.

PB: Any other highlights from that era that you'd care to share?

AP: Well, the thing I liked about bulk funding was that I initially had as my staffing point ... I could employ 220 teachers. I had a salary budget of x million dollars. How could I best organise those dollars to create the strongest teaching team I could for the good of the kids? And so I used, for example, and for every first-year teacher I appointed, I would probably appoint a second one. It meant I could give curriculum leaders more time, all the time hiring more specialist people. It was just a magic time. I'd never felt so good about leading a school as I'd felt in those years leading a bulk-funded school.

PB: You're giving me a sense of the freedom you felt.

AP: Well, freedom – and also responsibility, and nowhere to hide.

PB: I think you mentioned in your book that you worked quite closely with the Board of Trustees' Chairman. Was it (Mr.Patterson)?

AP: (George Patterson). Yes.

PB: How did that partnership work?

AP: It worked really well. It was the best working relationship I've had in my life. That was superb!

PB: Did other principals, in your experience have similar positive partnerships with their chairs?

AP: I think, by and large, those relationships worked pretty well. You know, I had heard that occasionally there were difficulties, but I would say, "You're the guy that's picking

up the salary. You're the one that's got to make it work. It's not the other guy. He's a volunteer! You know, he's the governor and you're the guy that's got to make it work." But, (George) and I, we were a magic pair, in my view. I think that when they write the history of that school they'll talk about (Noel Woods) and his Chairman, whose name just escapes me, I should remember ... although later I could dig it out ... and they'll talk about (George Patterson) and Allan Peachey. Those were the two superb governing teams that took their school places.

PB: Did (Mr. Patterson) find similar advantages in bulk funding as you yourself did?

AP: Oh, yes. Yes. Yes. (George) was ... you suddenly thought totally differently about how you staffed the school.

PB: Was (George) from a business background?

AP: He was an architect. He had his own business practice.

PB: One thing that struck me about Rangitoto College at that time was how much the building programme accelerated under your principalship. Did bulk funding bring any resources your way for building?

AP: One of the things I insisted on – you did not have to insist on it – but I insisted on it – was that every dollar that came into the school for teachers' salaries was only to be spent on teachers' salaries and nothing else. So no teacher salary money was spent on non-teaching staff or buildings or sports equipment or anything like that.

PB: They had the Operational Grant, right?

AP: Yes, which I used for those things. But I laid down a general principle for very selfish reasons ... that I wanted to maximise the staffing opportunities of the school. I could not do that if the teachers' salary income was being siphoned off to finish a building... or to employ some office staff ... or whatever. The Board then laid down a policy instruction that every dollar that came into the school for teachers' salaries was only to be used on teachers' salaries.

PB: So you managed to keep those areas quite separate?

AP: Yes. You see, the other great work was that the interest income we earned off bulk funded money was worth two or three extra teachers' salaries a year because what'd happen was if the payday was on a Wednesday; on the Tuesday night, two pay periods of money would come into the Bank account. You'd pay out one pay period the next day and the other money you'd hold for two weeks and then pay it out. The income you could generate was huge! Now I'm talking about six figures over a year; so at no cost at all to the taxpayer, not a cent cost to the taxpayer, you could employ, in those days, up to three extra teachers in a school the size of Rangitoto College just out of the interest you were earning. And you tell me that was nuts?! It was brilliant. Kids

are better off if there are three more teachers at their school. But obviously, for smaller schools it might only be one or half a teacher ... or whatever. But at no extra cost to the taxpayer it gave that opportunity. It was bloody brilliant! So you could sit down, do your salary cashflows and see what the interest was going to be. So you'd say, "Right. On our guaranteed minimum staffing, we will get five million ... and on that we'll add \$100,000 interest. We've now got \$5.1 million. How can we now best spend that to build the school and its team of teachers to meet the widest range of kids' needs?". That's how people like myself thought about it. That's how we thought about it.

R: Well, thank you very much, (Allan). You've given a really comprehensive overview. It's very valuable material.

AP: Oh, you're welcome. I'll be interested in what you come up with.

APPENDIX VII

**INTERVIEW WITH GRAYE SHATTKY, FORMER PRESIDENT OF THE NZSTA.
26 APRIL 2011, ST. BATHAN'S, CENTRAL OTAGO.**

Perry Bayer, Researcher **(PB)**
Graye Shattky, Subject **(GS)**

PB: Thank you very much for agreeing to do this interview. Could you tell me first about your involvement in education? How did you come to be involved in (the STA), for example?

GS: It's a very simple story. Prior to *Tomorrow's Schools*, I was Chairman of the Board of Governors in a small secondary school northwest of Auckland (Kaipara College), and when we were 'hit' – that's a reasonably accurate word – hit between the eyes with *Tomorrow's Schools*, it didn't take long for it to become apparent that instead of schools going to the local education board office with problems, each school would make a direct approach to the Minister of Education.

This seemed to me and others to be a ridiculous state of affairs and consequently, discussion between boards of trustees led to collective action which resulted in the formation of the NZ School Trustees Association.

PB: So this was starting round about 1988–1989, right?

GS: Yes - by way of further detail, I should note that prior to *Tomorrow's Schools* – three separate organisations represented the different school sectors – the School Committees Federation, the Secondary Boards' Association, and the Education Boards' Association. Their resources were eventually amalgamated to create the new representative organisation, NZSTA.

(Cut due to phone call)

PB: So, (Graye) what do you understand by the term 'bulk funding'?

GS: Bulk funding, for me, is about giving individual schools, specifically boards of trustees, control of their school by way of establishing their own priorities and spending Government bulk grants accordingly. That's bulk funding!

PB: And in the late 1980's, did you feel there was a need for that sort of development to take place?

GS: I think it was always something signalled by *Tomorrow's Schools*. I understood it to be part of the driving force behind the *Tomorrow's Schools* concept as David

Lange and others had seen it; that schools should be able to manage their own affairs in a way that best suited that school and decisions should be jointly made by the professionals and the parents in the school. It wasn't that parents were given absolute control or anything like that. It was always envisaged that it would be a partnership. That each school knew best what their priorities were and how money best be spent – whether on a new roof or by bringing in an extra teacher.

PB: You said something interesting to me before about the difference between secondary and primary in that era in terms of their freedom to spend. Could you elaborate?

GS: Prior to NZSTA being formed (I point you in the direction of Ngaire Kilpatrick in this regard.) It's my understanding that secondary schools enjoyed a degree of autonomy in that they were partly funded by grants which they could deploy as they wished. It was apparently always a major point of contention that primary schools didn't enjoy the same freedom, one that was remedied by *Tomorrows Schools* establishing the principle that each school would be funded according to its needs. I don't recall that principle ever being considered an issue other than reservations expressed about the government using such grants as a means of limiting expenditure on education.

PB: Right. And so bulk funding was being mooted in 1991, correct? The legislation went through and in 1992 there were trials in some schools, with the trialling being extended in 1993. Do you think bulk funding was well implemented between 1991 and 2000, specifically with regard to teachers' salaries?

GS: It wasn't well implemented. The intentions were well signalled and became the subject of an intense debate and then a battleground, primarily between the teacher unions and those who were advocates in the sense that responsibility for employing and paying teachers was a logical extension of self-management in schools. From that perspective it seemed to be a battle for power and control. Some schools chose to go ahead, and despite opposition and criticism from brother and sister schools, successfully implemented the scheme. I understood that by the end of the century, a large number of schools had implemented salary bulk funding despite continued opposition. Only recently have I learned that salary bulk funding was abandoned by a Labour Government. That's rather ironic and certainly disappointing because it means the dream of self-management was never fully realised.

PB: One thing I'm trying to unravel is the actual term 'bulk funding'. Do you remember when you actually heard it for the first time... as that term?

GS: No, not specifically, (Perry) although it may appear in some of the documents I'm providing to you. I can't, off the top of my head, even recall when advocating for increased operational grants whether that was term used. It probably wasn't until early 1991 that I became conscious of the term in relation to schools assuming responsibility for paying their teachers.

PB: You brought out another interesting thread before on the merit pay argument. What do you think the relationship was between bulk funding and merit pay?

GS: It is a very close relationship because the idea of salary bulk funding infers that the school employs the teachers. As employers, schools assume responsibility for assessing and rewarding staff performance. Salary bulk funding, assessment and merit pay all meld together as parts of the one issue – as an employer you can't pay staff without some system for measuring performance and rewarding performance.

PB: Do you know of specific schools where bulk funding operated? Or cases that you personally knew well? If so, could you comment on any of those?

GS: At this distance, the only one that really springs to mind because I got to know the Principal, (Alison Gernhoefer) was Westlake Girls' High. I recall supporting the Cambridge High School Board but I think their decision to bulk fund was retracted following a teacher strike. There were certainly other schools who considered that they were benefiting from the scheme but regrettably names don't readily come to mind. Equally there were some schools, generally with smaller roles, who were able to show that the model didn't suit their circumstances.

PB: For some of these examples you've cited, do you recall if they introduced the merit pay structure you were speaking of?

GS: No, I don't recall any public debate about the details of teacher assessment and merit pay. During my term I did visit the United States for the purpose of looking at, amongst other things, assessment and merit pay systems being implemented by various state education systems at that time.

PB: (Graye), do you recall any particular States or School Boards in the U.S. where it was very successful as a system in your estimation?

GS: Yes, and I do have notes somewhere on this ... but I haven't got them to hand. I think Wisconsin was particularly noteworthy. They were moving quite quickly and quite effectively in that area.

PB: How did it strike you as operating in practice there?

GS: I recall visiting a large secondary school with an assessment system requiring not only judgement by superiors and administrators, but also by peers i.e. teachers assessing each other. As I recall, the system hadn't been introduced without argument and dissension but while it was still very much on trial, there was a sense of optimism. It was early days then and I think as in NZ, many other school systems were still resistant to these ideas.

PB: Do you think bulk funding should be reintroduced in contemporary New Zealand?

GS: I believe in the principle of self-managing schools. That was a dream which provided New Zealand with a once in a lifetime opportunity to effect major changes which would enhance teaching and learning. However the subject of salary bulk funding caused such strife, debate, even internecine warfare between boards, teachers and principals, that I'm not sure that parents and the public would want to go there again. I suspect that now, it could only be as part of a major readjustment of our social structure forced on us by external realities.

PB: You've referred to internecine warfare. Why do you think bulk funding was such a contentious policy in that period of our history?

GS: I've already referred to what at an organisational level I consider to have been a behind-the-scenes struggle for power within the education sector. Traditional institutions and bureaucracy don't easily surrender their long-held control and influence, so I can understand that in some eyes NZSTA was viewed as an usurper. The salary bulk-funding issue was in itself a minor matter, but mishandling and mistakes provided opportunities for factions to create a furore which diminished the idea of self-management, divide public opinion and challenge government policy. At the time I and others saw self-management as an opportunity for parents, in partnership with teachers and principals, to take control of our education system and ensure that children got the very best of what was possible. Surely, if only we were all agreed on what was best for children, no government could resist our demands. Inevitably, that idealistic dream was seen by some established educational interests as a potential threat to their power and influence. There were too, elements of professional resentment at lay intrusion as well as factional opposition within NZSTA itself. So despite NZSTA's early successes, our own mistakes and missteps, particularly with regard to the salary bulk-funding issue, provided an opportunity for opponents from within and without to divide the membership and attempt to diminish NZSTA's role and influence.

PB: You have alluded to this before but philosophically why do you think specific education groups held the views they did towards bulk funding? To what do you attribute it?

GS: *Tomorrow's Schools* signalled a revolution in the way schools were managed and perhaps unwittingly, provided opportunities to question one hundred years of accepted educational practice. The educational sector had evolved around a powerful professional groups purporting to represent children's interests but in fact were primarily concerned with protecting and enhancing the best interests of their membership. NZSTA's first months were very much taken up with reaching out, shaking hands and building bridges with the teacher unions and other associated groups – there was a genuine sense of wanting to work together. However as STA gained confidence and began to speak out on behalf of boards of trustees, with hindsight I see we must have begun to raise question marks. Very quickly NZSTA

became a force, by gaining the confidence of successive Ministers of Education and the Secretary of Education. Our ease of access and our growing public profile led to some significant achievements for boards which I'm quite certain all contributed to a perception that this new organisation threatened the unions long established power. I recall many debates with various union representatives – while maintaining a friendly public façade there was no doubt in private and face-to-face that their main concern was to maintain the power and influence which they perceived as being threatened by NZSTA. For individual schools to assume the role of employer in fact, by directly paying teacher salaries may have been a step too far for the unions but there is no doubt in my mind that issue was a battle ground they chose and where eventually true self management was defeated. I didn't want to see boards getting caught up in too much industrial turmoil. Philosophically, I should also point to the traditionally collective and cooperative nature of teaching – underlying salary bulk funding are notions of competitiveness, performance assessment and reward which were and probably still are, an anathema to those who view teaching as a vocation.

PB: Do you think there was some degree of triangulation at that point between the government, parents as represented by (the STA), and teacher union groups?

GS: Yes. There's no doubt that the government had its own agenda - to control its expenditure on education by way of bulk grants which could be easily limited. I recall taking issue with the government on their failure to set these grants at an adequate level – we were constantly lobbying for more money for boards. At another level, the government and NZSTA were united (each for different reasons) by their advocacy of self-management. It's worth noting that very early on the government perceived NZSTA as a potential employer representative. At a time when NZSTA was eagerly taking on every task or responsibility offered, we became a voice in salary negotiations with the State Services Commission and weren't backward in voicing our concerns at some of the claims made by the teacher unions. To be fair – I can understand that this involvement would have been cause to question NZSTA's motives and no doubt contributed to their concern about the loss of power and control.

PB: Halfway through your presidency, or thereabouts, the Government changed, so you actually worked with both the Fourth Labour Government and the incoming National Government. Was there a difference for you when the Government changed?

GS: I did work very well with (Phil Goff, National) but don't recall any discussions about paying teacher salaries. NZSTA was very concerned that the bulk grants for schools were insufficient and argued, at times publicly, for necessary increases. A change of Government (late 1990?) brought a change of emphasis. I recall Lockwood Smith being determined to effect what he viewed as the last link in the self-managing chain i.e. bulk funding teacher salaries. While initially that matter wasn't a priority for the NZSTA, towards the end of 1992 we were desperately trying to maintain a neutral position regarding salary bulk funding, both NZSTA and myself were under considerable pressure from not only the government and unions but also from many of our own member school boards.

PB: (Graye), historically speaking, what do you think the main impact of bulk funding was on New Zealand's education system?

GS: I suspect that in time not seeing those reforms through to their logical conclusion may be seen as an opportunity lost. That's not to say that there haven't been major improvements in the way schools are managed today, but I think we might be doing so much better if schools had been encouraged to focus on better teaching and learning outcomes. The key to that was salary bulk funding which implicitly required teacher assessment and fostering professional excellence and innovation. It would be interesting to review and compare the progress of those schools which adopted bulk funding with those which maintained the status quo. Even more relevant would be an objective assessment of how once bulk funded schools are managing now that the bulk-funding model has been removed.

PB: What do you think is the main reason behind what you've termed "the lost opportunity"?

GS: The 'opportunity' was for those with the greatest stake in education, parents and teachers, to ensure that education was focussed on achieving the best possible learning outcomes for all our children. I no longer follow educational matters closely but I have the impression that NZSTA is no longer the powerful independent advocate for self-managing schools that was once envisaged; that the bureaucracy has taken back a large degree of control of the education system and that even the representative teacher bodies are struggling to maintain their professional focus in the face of government policies which are more about 'efficiency' than 'learning'.

PB: Lastly, what do you make of the current state of New Zealand education?

GS: I have no doubt that as always most schools are still doing the very best they can to ensure the very best of learning outcomes for our children. But while bulk funding may no longer be a major issue, the media headlines suggest that there are still equally contentious matters which distract teachers, principals and trustees from that essential goal. I know I caused offence to some professionals when I asked, "How well are our children learning? How do we measure the effectiveness of our teaching and learning systems?" But I think those questions are as relevant today as they were then – it seems we are no closer to any agreement about what is best for our children. When I read media headlines about schools and/or teachers rejecting proposals or refusing to participate in proposed schemes, it does bring to mind the bitterness of the bulk-funding argument and the entrenched positions which meant the loss of flexibility for individual schools to determine what was best for their children. With hindsight, the thought occurs that the still largely unrecognised fatal casualty of the bulk-funding debate may well have been the vision of self-managing schools.

PB: Thank you very much.

APPENDIX VIII**INTERVIEW WITH DR. LOCKWOOD SMITH, FORMER MINISTER OF EDUCATION.
14 JULY 2011, SPEAKER'S OFFICE, NEW ZEALAND PARLIAMENT, WELLINGTON.**

Perry Bayer, Researcher (PB)
Dr. Lockwood Smith, subject (LS)

PB: Thank you for agreeing to see me (Dr.Smith), Could you tell about your involvement in education over the years?

LS: Well, apart from spending a lot of time in the system myself; after leaving school, I was 13 years in Universities; seven at (Massey University), and then six at (Adelaide University) where I did my PhD ... and I was a lecturer at (Massey) in the early 1970s for a couple of years. But then after entering politics in 1984... after entering Parliament in 1984, I was appointed Opposition Spokesperson on Education in 1987 and became Minister of Education in 1990, covering all three sectors, well, all sectors; Early Childhood, Schools, Tertiary and Industry Training through to the end of about 1995, I think, from memory.

PB: And when did you first become aware of the term 'bulk funding'?

LS: When I was Opposition Spokesperson, the then Labour Government under the Prime-Ministership of David Lange. He'd then appointed himself as Minister of Education and in doing so, he'd set up a review of our school administration system, if you like. And he'd set up a Committee chaired by a guy called Brian Picot to review our school system and come up with proposals to improve it because they'd accepted that change was needed; that the system seemed to be a bit overly bureaucratic and stifling of initiative and not innovative etc... or responsive to need. It wasn't sufficiently responsive to varying need around the country and the Picot Task Force, as it was known, recommended that the education boards that administered all primary schools in their areas should be disbanded and instead schools became self-governing bodies under the governorship of a board of trustees; and part of their proposal was also that each school should be bulk-funded, as it became known; that the bulk funding would cover the entire school's expenditure, including staffing, and that was the hugely controversial issue that I'm trying to remember now because it goes back a fair way. The Labour Government responded to the Picot Report, from memory. I cannot off the top of my head recollect whether the then Labour Govt. picked up the issue of bulk funding or whether they left that in abeyance because it certainly wasn't implemented by the time I became Minister in (November 1990). It was still to be implemented. I think they must have picked up on it and you'll need to check the documents; the Govt's response to the Task Force, but from recollection, the Govt.

did pick up on it. By that time, towards the end, just prior to the 1990 Election, Phil Goff had become Minister of Education. Now he's currently the Leader of the Opposition and then I inherited the role after the 1990 Election and faced massive opposition from the teacher unions over bulk funding; so much so that given the whole range of issues we were trying to implement at the time, I perhaps –unwisely – recommended to my colleagues – to the government that we should, rather than impose bulk funding in all the schools – that we should put in place a voluntary model that would enable schools to come into the bulk funding system. Perhaps unwise because what that led to was that some schools did indeed pick it up, but they became the targets of vicious campaigns from the unions, from both the primary teachers' union, the NZEI, and the PPTA. The campaigns were vicious! And I remember a friend of mine at the time whose father was principal of a school in the Northern part of the South Island ... and they chose to go into 'bulk funding' and the personal attacks were just so vicious.

PB: Was that (Waimea College)? That is one that I've been reading about.

LS: The school I'm thinking of, the Principal was a guy called (McMurray)...

PB: Yes, that's the one.

LS: Well, he was a lovely guy, subjected to just a vile campaign against him, and so you know it saddened me that that happened. Some schools actually did enormously well -one school in Auckland, of course, (Avondale College) under the leadership of a guy called (Phil Raffills) who has sadly died since... that school did fabulous stuff when it was bulk funded. You know the beauty of it was that they were freed from the prescriptive staffing arrangements of our centralised state schooling system and they were able; so many of them, to employ a whole lot more staff. They were actually able to pay some of their top teachers more. And the unions hated that because the unions have battled against performance pay for teachers all my political life.. and so it was a massive battle.

PB: From my reading of the documents, the government at the time you were referring to had enacted the school administration part of bulk funding but had left the bulk funding of teacher's salaries 'in abeyance' – that was a good term you had used before. Why was it important for you as an incoming Minister of Education (in November 1990) to have the bulk funding of teachers' salaries as a priority?

LS: The whole idea was to enable schools to respond better to the needs of their students. Different communities, different schools faced different challenges. As Minister, I become the longest-serving Minister of Education in the OECD before I stepped aside finally, and I just became so aware of the different challenges different schools faced. They needed to be able to respond to those different challenges with different staffing mixes; different utilisation of their resources, too. And, of course, bulk-funded schools were free to use their resources how they saw fit. We saw some wonderful innovations that started to happen before sadly, after

the 1999 Election, it was all killed by the incoming Labour Government. So it had stayed in place for the best part of nine years – almost a decade – and some schools did some extraordinary things. To me, you know, this is my personal view, rather than that of the National Party, I suppose I saw bulk funding as a step towards greater choice in schooling. I think we have a significant issue in New Zealand where our school system is so State-dominated. Australia's is not so heavily state-dominated as New Zealand's and that State domination makes innovation so difficult because the unions are so powerful. In New Zealand, I guess, the education sector is the only place where the unions are so powerful, and unless they support something ... and they have their views about the education process, not just employment, they have their own views about the role of the state school as a leveller, and, you know, you dare not allow some kids to actually become tall poppies. That would be terrible. You know, education is this great leveller of people and to me, ultimately, if I'd had ... you know, I started a little scheme while I was Minister called The Targeted Individual Entitlement Scheme which was directed towards children from very poor backgrounds and that to me, was opening the door towards a future that went way beyond bulk funding; that was opening the door towards paying for a child's schooling regardless of which school that child went to; regardless of who owned the school, but recognising that some children needed more support from the government than others; more support from the State than others. And I just see There was an opportunity to develop a really exciting education system and that it would be driven much more by the choices made by parents rather than by the dead hand of the State.

PB: Did that initiative you were mentioning (the Targeted Individual Entitlement Scheme), go as far as you had wanted it to?

LS: It got killed, too... after (Labour) came in because they didn't want to ... It did produce some exciting outcomes, though. Some of the letters I receive often from young Maori people.. because often they were the beneficiaries of these Targeted Individual Entitlements ... and they would write letters saying they'd been able to do things they would never have dreamed would be possible. It was just wonderful to see what educational opportunity can do for people and that's why I was such an enthusiast for letting schools flourish, if you like, and providing more choice. So there were the twin things of providing more choice, which we did, because I abolished zoning while I was Minister as well...and giving schools more opportunity to respond. You know, it's no use, in my view, giving choice if you don't allow the schools the flexibility to respond to the need to be responsive to the needs of students, and so therefore, react quickly to families and students. So it was all part of that thinking about how to enable our school system to begin to respond to a changing world, to respond to the needs of their communities. And I just see it as so difficult when everything's so rigidly-controlled; you know, this number of teachers etc...

PB: Were there any overseas models that impressed you? I interviewed (Mr Shattky) who was (STA President) at the time and who by the way, sends his regards and he said he had been impressed by some 'bulk funding of teachers' salaries' style models

in Wisconsin, I think, in the USA. Were there similar ones influencing you?

LS: (Graye Shattky) was very good company. I remember (Graye) very well now you come to mention him. Yeah, I wasn't particularly driven by any other models. I was just driven by a view that we could do things so much better and that you had to allow good people to do good things. You know, to me, where the State dominates in education, it tends to dumb down and that's just inevitable. And what is more, if we could reach a stage where schools could become more attractive and exciting places, we could attract even better people into teaching, and into schools. This is, for example, one of the things that troubles me. How do you get people educated in Physics, or people educated in Science, say, into primary schools ... if all they can be paid is as an ordinary primary school teacher? And how do we expect people to develop... an excitement for.... and an understanding of Science if our teachers don't have an excitement for and an understanding of Science. And very few.. very few of our primary school teachers would have any real understanding of Science. And so, we've got this real problem. You know, we've got young people coming through and fewer and fewer of them are studying Science, yet the modern world thrives on Science.

PB: So during the operation of bulk funding between 1991 and 2000, were there many good things that happened with regards to improving schools' responsiveness, in your view ?

LS: Oh, yes. Schools like (Avondale College) did some really exciting things. I think they employed significantly more teachers than under their staffing entitlement from the centralised model and they'd got such a great attitude going in their school. You know, I visited the school or more than one occasion, I think because the principal wanted me to see how well it was working. He was a great enthusiast for the freedom the model gave him and you'd just see the enthusiasm in the school for the exciting things they were doing. But the dilemma was that some schools would have liked to have gone into it but were frightened of the backlash – and that's where I criticise myself, perhaps, for bringing in the voluntary model because it led to that... - ah - victimisation whereas if we'd imposed it, the government would have copped the backlash rather than any individual schools and it probably would have been better for the government to cop that and to have freed schools from that unfortunate outcome.

PB: So do you think bulk funding was well-implemented during those years (1991–2000)?

LS: No, well I've been critical with the wisdom of hindsight that, you know, we did it voluntarily with good intent because we didn't want to impose it on people who would fight against it, if you like. But I think we may well have done better by instituting it nationwide simply to avoid that battle in some schools that had to be damaging, you know, that must have been damaging in some schools.

PB: You referred in an interesting way just now to the backlash. Why do you think bulk funding was so controversial?

LS: Because it would lead ultimately to an outcome where the unions would have less control! I mean they battle against anything that threatens their control of the state system. We can do very little without union agreement. They will fight against anything that leads to a lessening of their influence over the system. And they could see that if this was successful, there would be freedoms starting to come in and plenty of arrangements starting to come in that they would have lost control over and they would also, I guess I see it as step towards even greater freedom of choice for parents and for the funding of children, individually, regardless of who owned the school, and they could see a path ahead that they didn't like because it would ultimately result in them having much less control over the system.

PB: Are there any other reasons, in your mind, that these interest groups such as the NZEI and PPTA, held the views that they did? As you said, they were very strong views that they held.

LS: I mean, apart from that loss of control, they had been vehement opponents of teacher ... I mean performance pay in teaching and they could see that bulk funding would also lead to the prospect of some teachers being paid more. Merit pay, and the schools would have the chance to bring in that policy themselves. And the unions used to sit around the table and say, "All of our teachers are equally excellent." And they would fight any notion that one teacher is better than another. Now we all know that is absolute nonsense. We all know that ... I'll never forget, I was in a school in my own electorate where the headmaster or the principal was a very good union member... an NZEI member, and we were discussing this – the school chose not to go into bulk funding and ... he reiterated, you know, the fact that, you know, all his teachers were 'equally excellent' at his school ... and there was a truck delivering sawdust to the high jump area ... and got bogged down on the lawn.. and he had to go and sort of sort this out - and I was left with the Chair of the Board of Trustees to, you know, escort me from the school. So on the way out, I said to the Chair of the Board, "How do you see it?" and he said "Oh, its all pretty good, you know. The only problem is that we've got a couple of teachers where no parents want their kids in their classes. And I said "But hang on. The principal's just said all your teachers are equally excellent!" and he just grinned. I mean we all know that it's nonsense. We all know that there are some wonderful teachers in our system and they don't get the reward that they deserve - they deserve to be far better paid. Only yesterday I heard that waterside workers ... workers who work on our wharves earn far more than our teachers – more than our best teachers. Someone starting in the Ports of Auckland, someone just starting there, earns more than a very good teacher. Things are really cocked up when that is the case. And that happens because the unions refuse to allow good teachers to be paid more and so the whole lot is kept down because of that.

PB: Were there any good examples from your time as Minister when you can recall merit pay working well?

LS: Ah, that's too long ago now. I wouldn't want to It's just so long ago.

PB: Or did schools sometimes report back to you?

LS: You'd need to check. I don't know whether the Principal of (Avondale) did ... I don't even know who the Principal of (Avondale) is now. Another school that come into it, I think, was (Westlake Girls) under (Mrs. Gernhoefer...Alison Gernhoefer). She may be prepared to talk about these sorts of things. Yes, she was a very good Principal and I'm sure they went into bulk funding.

PB: They did.

LS: Yes, its amazing, I mean, all these years later, I can still remember the great principals. I mean - there are some wonderful people in our system and the whole idea of this was to let them lead education, in a way, in their schools, where they could really do things instead of being hamstrung by the constraints of centralisation.

PB: So how did you feel when bulk funding was discontinued in 2000?

LS: Well by then I'd been out of the role for five years and, you know, I was focussed on the challenges I'd faced since then. But I was sad that several things happened in education then. I was sad that the little Targeted Entitlement scheme got killed instead of being expanded. I was sad that an exciting concept I'd developed called 'Parents as First Teachers' never really got expanded... because everybody talks about the crucial role of parents and the fact that the first three years of life are actually, perhaps, the most important educational years of all because children's brains not born mature, unlike a lamb or a calf and ... parents can have such a profound impact on that. But of course, again ... the teachers tend to ... the unions tend to not like involving parents too much. They tend to want the money to go into kindergartens where they've got their union members all working and that sort of thing. And so that wasn't expanded. So it was sad when bulk funding got killed, but it was inevitable, I think. There was still too much angst around it and either it needed to be put in place properly and there was a certain reality about that. But there were lots of things that I put in place that you can still see today. The whole National Qualifications framework was my idea and it's now become a significant part of NZ's educational system, the NZQA. And the whole Industry Training Strategy, the basic structure of that has remained in place since the early 90s – it's been fiddled around with a bit here and there, but the basic concepts still remain that I put in place. Even the Early Childhood curriculum, Te Whaariki, is still there, basically pretty much unaltered. The school curriculum has been changed a bit.. but the concepts I put in place are still largely there.

PB: Do you think the bulk funding of teachers' salaries should be reintroduced?

LS: I would probably ... I'm not expressing National Party views here ... this is just my personal view. I would suggest that would be, perhaps, too big a battle for the benefits that would be gained. If I were a benevolent dictator, I would argue to go further towards individual children's funding where you enable a child to go any school ... to go to a school of their choice regardless of who owns it. Now we have this extraordinary thing in New Zealand where we will pay for your child's schooling but if you dare to send your child to a school we don't own, we won't. In Communist China, they pay for children to go to schools the State doesn't own – but here in NZ we say "Oh no! If the state doesn't own the school, we're not going to pay." And it is just ... there is no rationale for that. It is an extraordinarily blinkered situation so if I were a benevolent dictator, I'd be putting more of the capital ... you know, more of the battle into providing genuine choice – but genuine choice where children from poorer backgrounds, not just poor but disadvantaged backgrounds; children who had greater educational need would be able to take their greater resource with them. You know, I'm not suggesting that all children should be treated the same at all; but that there are some children who have greater need ... and they're not just those who are behind; some of our very capable children also have a greater need – and I just see innovative opportunities ... I just want to see our education system lifted to a whole new level because what worries me is that after thirteen years of University, I consider myself barely sufficiently well-educated enough to be a good, fully-functioning citizen and I was a Commonwealth Scholar, for goodness sake – supposedly in the top ... I was also a Massey Scholar which is top for that university and then a Commonwealth Scholar.. and in some ways ... I just think there's a desperate need to lift the whole standard of our education system. And I just, rely on choice in so many different fields of human endeavour. Where there is competition and choice, you get huge changes in outcome. Huge changes. And we see that where in societies where the state ran everything ... we end up with all this lowest common denominator stuff. We had the Soviet Union, East Germany...North Korea. You know, where competition can lead to innovation, we see exciting things. People can do such exciting things if only you allow them to do them.

PB: It's great you obviously still have an interest in education. Looking back, what do you think the lessons of the whole bulk funding debate are, from your point of view?

LS: I think, you know ... it's fascinating. I think, say, something as controversial as that ...doing it voluntarily led to some unfortunate outcomes, I think.. and hardship on the part of some schools and leaders in our school system, so, you know, I'd say that's a lesson indeed. And maybe – oh, another lesson to me would be if you're going to make a big change like that, you need to be able to resource it. One of the challenges I faced back in 1990 with all this change I'd inherited – and I'd supported a lot of it too – you know, there was bipartisan support for much of what Picot recommended – and yet I had no money.

PB: You were under a financial straitjacket?

LS: Yes, a massive financial straitjacket and it damaged so many things I tried to do like

the new curriculum I bought in. I desperately needed more money for professional development for teachers. If you're going to change the curriculum and try to encourage new developments, you've got to be able to invest in teachers and their professional development – and I just had no money. I had insufficient money to do it and I think we desperately needed it. If we could have resourced it because one of the issues around bulk funding was the loser schools. You'll be aware that the original model that I was faced with basically funded schools on an average cost basis – for the ordinary schools – and the unions – that was a fair argument from the unions “ Well, what about the loser schools?” And so in the end I managed to scrape together some money to up the funding to minimise the number of loser schools, but it still didn't eliminate the loser schools... so if you're going to do something like this, you need to have the resources to support major change. So that the legitimate criticism – that was one of the unions' legitimate criticisms in my view, was that some schools couldn't go into it because - What do you do if the bulk fund wasn't sufficient to pay - because the school had more senior teachers, say? And of course, the quid pro quo argument, though, is that they'd been able to accumulate all these experienced teachers because of a centralised system which allowed them to do that - and some other disadvantaged schools had to have all new teachers who were cheaper teachers and, of course, with bulk funding, they would have resources left over to do more things; to put into professional development for those teachers, all those sorts of things. And so our current system has that inherent unfairness that some schools actually get more money for their teachers because they accumulate more experienced teachers. They might be easier or better schools to teach in and that sort of thing – and some schools often in less-advantaged areas had quite a high turnover of staff, and would get less resources as a consequence . Well, if you're going to make major change, you need to be able to resource it. It's so hard. So I would say that those are two of the lessons that, I would say, were pretty clear to me.

PB: You also alluded to the fact that political realities would make it hard to reintroduce bulk funding. From my reading, I see that it was National Party policy to restore bulk funding in 2005 but yet I couldn't find it anywhere in 2008.

LS: No.

PB: Was that a reflection of those political realities that you were implying existed?

LS: I would suggest that you're right. Yeah. I don't see it on the immediate horizon. As I say, if I were leading education today, I would try to encourage a debate more towards what I see as the more important issue – and that is greater choice and funding an individual child's education according to their needs and ... but again, that would take resources and obviously, right now, with New Zealand's current fiscal position, anything like that – you'd be unwise to try and introduce something like that given the fiscal, financial situation New Zealand's in at the moment. And major change – you've got to be able to resource it. But I'm a great believer in systems that give greater focus on individual need.. because kids' needs – you know, a lot of people can be supported by giving a typical level of support. But there are some children who

through no fault of their own, need greater support if they're going to be able to achieve the educational outcomes that I believe they should. It's always amazed me what kids are capable of if only given the opportunity. It's wonderful what kids are capable of.

PB: You obviously have a commitment to kids not falling through the cracks.

LS: Oh, absolutely. Absolutely. Probably a lot of people if you ask them about (Lockwood Smith) they probably wouldn't say that. They would say, "He's on the political Right. He supports the wealthy and whatever." It's not true at all. I have a genuine interest. I mean Education is something that my family valued so much and I've seen so many kids – just their opportunities blossom through getting good opportunities in schools. And the great impact teachers can have. While I might have been a little bit critical of the unions, I'm hugely respectful of great teachers. There are such wonderful things great teachers can do. It's just staggering.

PB: Well, my Professor's book has shown that the right wing / left wing label is not so useful in terms of analysing Brian Picot. He, for example, came from a business background but advocated social equity.

LS: Yes, right. OK. I suppose one of the things that drives me is that I'm a great believer in freedom. And I worry that we politicians try to regulate and to legislate far too much. Great things happen in society when free people can pursue their dreams. But there's no freedom for someone who doesn't have the education to pursue their dreams. To me, it's a fundamental element of freedom, a great education. There's not the freedom for someone who's missed out on a really great education. It's something I feel very strongly about.

PB: Thank you very much for your time, (Dr. Smith).

LS: I hope it's been useful.

PB: Yes, it has.