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Education and Science Committee  
Parliament Buildings  
**WELLINGTON**

**SUBMISSION BY THE NEW ZEALAND MANUFACTURERS FEDERATION**

**ON THE**

**EDUCATION AMENDMENT BILL**

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## **INTRODUCTION**

The New Zealand Manufacturers Federation Inc (ManFed) welcomes the opportunity to make a submission to the Education and Science Committee on the Education Amendment Bill.

ManFed represents both regional associations and sector groups of manufacturers and has a total membership of about 2600 companies. The sector is a significant contributor to the New Zealand economy, representing about 18% of GDP. In its broadest definition, manufacturing comprises 87% of New Zealand exports, sector sales total \$51 billion and total employment numbers 280,000.

All manufacturers, given New Zealand's open economy, must compete in markets that are globally competitive whether domestically or overseas. Maintaining competitiveness is thus critical to the growth of the economy overall, for growing jobs and for paying for the social and environmental outcomes New Zealanders seek.

One key element in maintaining competitiveness is having available a skilled and flexible workforce capable of meeting the changing requirements of the marketplace. The availability of such a workforce is in turn dependent on having a world class education system; a system based on the principle of excellence in delivery and performance, and one that is benchmarked globally.

## **SUMMARY**

The New Zealand Manufacturers Federation is strongly of the view that reform of some elements of the education system is long overdue. We do not currently have an education system that is delivering excellence across the sector despite its increasing cost. It is failing to meet the needs of its students and their parents, and those of employers. At its most fundamental level there are a significant number of school leavers with inadequate levels of literacy and numeracy. Moreover, there are still too many young people leaving school who do not then gain employment. These are likely to be the 34% of students considered 'under-achievers' at secondary school. Yet, at the same time, New Zealand industry is signalling an increasing skills shortage. The work is there for those with the right skills.

The Education Amendment Bill sets out to address a variety of issues relating to:

- Enrolment schemes for primary and secondary schools;
- Flexibility of school governance;
- Removal of the option for schools to receive bulk funding; and
- Removal of an age restriction to ensure compliance with the Human Rights Act 1993.

In addition the Education Amendment Act seeks to promote the collective organisation and representation of student interests within the tertiary sector by removing the current bias towards voluntary membership.

What the explanatory note to the Bill fails to address, and what is not clear in the Bill itself, is how the measures contained in it would contribute to an education system based on excellence. The basis on which enrolment schemes are now to be run will remove parental choice and reduce incentives on schools to improve their performance. The removal of bulk funding will reduce the flexibility of individual schools to use the resources at their disposal to best meet their particular circumstances and needs. Removing the current bias towards voluntary membership of student associations leaves a situation where a simple majority vote would impose compulsory unionism on all students at a tertiary institution. This situation is not, for example, entertained in the Employment Relations Bill.

The only exception to this overarching concern with the general thrust of the proposed legislation is the intention to introduce further flexibility into school governance. This measure is fully endorsed by ManFed.

The Federation does not have a position on the measures contained in the Bill to remove age restrictions to ensure compliance with the Human Rights Act 1993, as the intention has always been to remove these restrictions by the end of 2001 in any event. The Federation is, however, of the view that a detailed review of the Human Rights Act itself would be timely.

Accordingly, ManFed submits that the Government:

- a) not abolish the 'fully funded' (bulk funding) option currently permitted under the Education Act 1989;
- b) not proceed with the zoning provisions contained in the Bill;
- c) note the Federation's support for the proposed changes to school governance provisions, with the exception of the proposal that student representation on school boards be compulsory;
- d) not proceed with the proposed amendments to existing legislation regarding membership of student associations and that, instead, the Government give consideration to the abolition of compulsory membership of student associations; and
- e) give consideration to a comprehensive review of the Human Rights Act.

## **THE ONLY CRITERION SHOULD BE EXCELLENCE**

A critical element to the growth of the economy and New Zealand's competitiveness is having available a skilled and flexible workforce capable of meeting the changing requirements of the marketplace. The existence of such a workforce is dependent in turn on having a world class education system. An education system based on the principle of excellence in delivery and performance, particularly when benchmarked globally. The only alternative, if New Zealand is to remain competitive, is to adopt a policy of importing the necessary skills, with the loss of employment opportunities for a locally educated workforce, which that decision will entail.

Such an education system would deliver the basics of reading writing and maths, as well as accommodating the changing requirements of pupils and employers. Its compulsory education sector would equip the young to enter job training or skill enhancement, or the tertiary education sector. It would go on to deliver job training, skill enhancement, retraining or reskilling as well as second chance education at all levels.

The reality in New Zealand is, however, somewhat different. There is growing evidence to suggest that the education system is failing to prepare students for subsequent working life as well as failing to support and underpin what must be a competitive economy by providing the necessary skilled workforce. Many young New Zealanders lack the basics of reading, writing and maths. OECD reports have highlighted numeracy and literacy problems in our workforce. This Committee itself is to examine the issue of reading in our schools.

The failure of the education system in these areas has been the subject of a number of reviews over the past decade. They have identified the following factors:

- Low achievement is cumulative with disparity increasing with age; and
- Early intervention is essential if under achievement is to be addressed.

Accordingly, the benchmark against which any intended reform in the area of education should be measured is how it will enhance excellence in delivery and performance. Reform must improve on what already exists in terms of excellence in performance and delivery. What is not clear is how a number of the measures proposed in the Education Amendment Bill will assist in reaching this goal.

### **Bulk Funding**

Appropriate funding arrangements can assist schools in adopting governance and organisational strategies that could help them better meet local needs. Bulk funding is, in the view of ManFed, one such arrangement.

Bulk funding was a key element of 'Tomorrow's Schools' and was designed to give individual schools greater autonomy in deciding how best use to their resources to meet their specific needs, rather than having decision making rest primarily in

Wellington. The decision as to whether or not to shift to bulk funding was, and remains, voluntary. Over 800 school boards have chosen to avail themselves of this option, presumably after serious consideration and with the best interests of their students at heart. Financial incentives, now to be largely reversed, have not driven the majority of voluntary or community-based decisions to adopt bulk-funding or the process would now be virtually universal.

There is no doubt that bulk funding has provided the desired flexibility, with this fact noted in an ERO report on the matter published in 1999. It has extended the ability of a school to determine where its spending priorities should be. Unlike its converse it has supported the pursuit of excellence in education with, for example, schools having the option of employing further staff to address particular needs while forgoing less important maintenance. The same ERO report notes “most boards have seen fit to direct their efforts towards professional staffing to support student’s learning”. Bulk funding has also enabled schools to reward high-performing staff, with additional financial reward acting as an incentive to those performing less well.

Other initiatives it has facilitated include the introduction of a performance related element into a principal’s salary.

The Bill is relatively silent on the rationale for removing bulk funding other than to say “all schools will benefit from additional funding and have some flexibility in funds that only bulk funded schools enjoyed”. While this is correct overall, what of the bulk funded schools who have managed to accumulate considerable surpluses and have, for example, put this money into salaries for teachers additional to core staffing entitlements. They may lose at least some of these additional staff. It is not clear who if anyone stands to benefit from this, certainly not the staff who stand to lose their jobs or pupils involved. Nor does this rationale answer the current per pupil funding disparity that exists between low and high decile schools and the continuing disparity in performance despite such additional funding.

If equality of funding is the primary objective of the exercise then one option would be to extend bulk funding to all schools, which was in fact the recommendation of the Picot committee. As it stands, a return to a centralized funding system will favour schools with more experienced teacher profiles, not school or pupil performance. This fact will have had a bearing on the level of support for the proposed changes from the teaching unions.

Accordingly, ManFed does not support removal of the option to receive bulk funding as contained in Clause 7 of the Bill.

### **School Enrolment Schemes**

The Bill intends that enrolment schemes be based on the principle that students have the right to attend their local school, with selection of out-of-zone students occurring by ballot. Schools at risk of overcrowding will be required to have a home zone that is geographically defined. Students living within this zone will have an absolute right

of enrolment. Out of zone students will be prioritized into several categories for the purposes of balloting. First priority is to be given to students enrolling in special programmes; then siblings of currently enrolled students, and then siblings of past students. Where there are more priority applications than out-of-zone places, then selection is to be by ballot.

Current provisions require a school in danger of overcrowding to simply take account of the desirability of students being able to attend "a reasonably convenient school". The primary concern with the intention to tighten up on these provisions is two fold. Until we have an education system which is uniformly excellent in its delivery and performance:

- Students and parents should have the opportunity to select a school which best meets their needs, rather than being captive to what may be a poorly performing local school; and
- Zoning systems can prop up poorly performing schools. Schools are encouraged to improve their performance when required to compete for students, whereas having a captive student population removes this incentive and makes them less responsive to the needs of students and their parents.

There is an emphasis on making the best use of existing schools without any reference to the quality of teaching within them. The underlying assumption is that the local state school is the preferred provider and that all schools offer the same quality of education and that the education needs of all students are the same. This is nonsense.

There are many reasons why students may seek schooling at other than a local school. Excellence in teaching and an environment supportive of learning is one such reason, others may want to attend an out-of-zone school which may better cater for their particular learning needs and abilities. There is evidence that the group most likely to avail themselves of the opportunity to choose other than a local school are those from poorer than average backgrounds. Moreover, when zoning was abolished, Maori and Pacific Island students went from those less likely to attend an adjacent school than Pakeha, to those more likely to. The Bill will remove this possibility for a significant number of young people who will not meet its specific selection criteria, and whose parents are not able to afford private schooling. For these students the Bill will be less than fair. It removes from individual schools the right to decide to accept an individual student, based on that student's particular needs.

It will also be less fair for those parents unable to afford property within the geographical boundaries of a zone attached to a desirable school, although the changes proposed in the Bill are likely to result in windfall gains for those selling properties within the zoning area.

The enrolment provisions will deny schools offering excellence in teaching, and therefore subject to excessive demand, the resources necessary to expand.

In conclusion, ManFed considers that the introduction of a school zoning scheme as outlined in the Bill may, in fact, act as a disincentive to achieving excellence in teaching by propping up schools that are failing to deliver quality outcomes. It will certainly remove the right of parents and students to seek schooling that best seeks the student's particular needs and circumstances.

Accordingly, it is submitted that the Government not proceed with the zoning provisions contained in the Bill (Clause 4).

### **Provisions Relating to School Governance**

In general ManFed supports these provisions because of the additional flexibility they will provide individual school boards. The advantages afforded by these positive changes will regrettably, however, no doubt be offset by the removal from Boards of the ability to take up the option of bulk funding and the right to determine the school's enrolment procedures.

The one issue of concern is the removal of a board's discretion not to have a student trustee. A suitable student may not be available; there are also potential conflicts of interest, depending on the matters before the board for decision as occurred in some schools where debates over bulk funding were fiercely contested.

Accordingly ManFed is of the view that boards must retain the discretion to determine whether or not a student trustee is appointed.

Accordingly, it is submitted that the Government proceeds with the changes to school governance provisions as outlined in Clause 9 of the Bill. This is with the exception of Subclause (1) and consequential amendments contained in Subclauses (2) and (3) which remove the discretion of the Board to appoint a student trustee or not, and which should not proceed.

### **Tertiary Student Associations & Their Membership**

ManFed does not support the removal of the bias towards voluntary membership of student associations currently contained in the Education Act 1989 as a consequence of the Education (Tertiary Students Association Voluntary Membership) Amendment Act 1998.

Freedom of association is a fundamental right which these provisions cut across. An individual should not be forced to join a student association whose views and activities may be repugnant to them. Student associations traditionally undertake wide-ranging activities not necessary related to student welfare; lobbying activities related to ideological issues are a case in point. Academic staff are not, for example, required to join a staff association and the Employment Relations Bill (ERB) certainly

does not provide for compulsory unionism in the workplace. Under the ERB a majority vote from employees in favour of unionism, for example, can not compel the minority who voted against compulsory membership of a union from then having to join one. Yet, the Education Amendment Bill permits just such an outcome.

Moreover, the right to exempt a student from membership should not be vested in the very association of which membership is in dispute. It is also an issue of concern that the present provisions for complaints about undue influence on students regarding membership of an association are to be removed. Once again the Employment Relations Bill sets out very clearly procedures to be followed in the case of undue influence on an employee to either join or not join a union.

Removing the bias towards voluntary membership leaves the process open to capture by those who are well organised, such as student associations, and who stand to gain financially by a move to compulsory membership of a student association.

In conclusion the Federation does not support removal of the provisions under the 1998 legislation in favour of voluntary membership of student associations. In fact, the Federation considers that compulsory membership of student association is seriously out of step with the rest of society as suggested by the lack of provision for compulsory unionism in the Employment Relations Bill.

Accordingly, it is submitted that the proposed amendments to existing legislation regarding membership of student associations not proceed and that, instead, the Government give consideration to the abolition of compulsory membership of student associations.

### **Compliance with the Human Rights Act**

ManFed is of the view that the timing is appropriate for a thorough review of the Human Rights legislation itself and that, on this basis, the changes proposed in the Bill should not proceed pending this review.