

BULK FUNDING: A RETROSPECTIVE

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ABSTRACT

PPTA has been fighting bulk funding since 1989. This paper examines the various manifestations of bulk funding (the bulk funding trial; relief bulk funding; salaries grant for management; direct resourcing and the fully-funded option) and the different responses they required. It considers the long-term educational and political impact of bulk funding and traces the history of that struggle. It also explores the various strategies used to fight off bulk funding from political and community lobbying through to wildcat strikes and other industrial activities.

PART 1 — 1988-1989 THE PHONEY WAR

INTRODUCTION

The report headed *Bulk Funding – Progress?? Report*,¹ presented to PPTA Executive² in March 1989 didn't contain the usual recommendation - "That the report be received." Instead it asked "That the report be wept over." The report, written by Roger Ledingham, PPTA representative on the Tomorrow's Schools Funding Working Group (one of several set up to implement the reforms proposed in the Picot Report)³ described the group's dilemma. It had met on some twenty occasions, each time for a day, but had still not come up with a way of moving forward on the salaries part of bulk funding. Although a means had been found of delivering operations funding to schools, whenever attempts were made to apply a bulk-funded staffing formula across all schools it produced "winners" (those that could afford to retain all their current staff and would perhaps, have a surplus) and "losers" (schools which, under the formula, would be required to shed staff). This reflected the fact that school staffing was needs-based and over time had become individualised and idiosyncratic.

Four months later, in June 1989, the Prime Minister and Minister of Education, David Lange announced that although the operations part of the bulk funding formula would be test-driven for full implementation in 1990, the teacher salary grant would not be introduced until 1991.⁴

There was an early, though perhaps inadvertent, victory of sorts. In countries and sectors where both forms of bulk funding had been introduced concurrently, unions had found it almost impossible to cope with the financial and industrial implications.

BULK FUNDING

Bulk funding had been around since 1986 when it was proposed as part of the wage round.⁵ It reappeared in 1988 in the Picot Report a document which itself lent heavily on the 1987 New Zealand Treasury publication, *Government Management Brief to the Incoming Government* (1987).⁶ The philosophical position presented in these documents relied on neo-liberal theories which argued that people were motivated by self-interest and opportunism and that in the absence of the financial discipline of the market would seek to pursue their own interests at the expense of their clients. For teachers, “provider capture” was the special phrase which summed up their relationship to the education system. The reforms deliberately excluded teachers, and more especially teacher unions, to prevent their “self-interest” contaminating the process.

In its submission on the Picot Report,⁷ the Association tried in vain to explain to the reformers that national award provisions were not simply a form of feather-bedding for teachers but ensured that schools in poor areas had the same capacity to attract and retain staff as those in wealthier areas. It noted that;

under bulk funding boards will be required continually to make trade-off decisions, which will frequently result in some applicants not being able to be considered for positions because of their high cost.

It also observed, prophetically, as it turned out, that:⁸

Where such funding regimes operate in other countries, the consequence is that teachers become much more active industrially at the local level and local brush-fire actions are common when staff perceive that one of their colleagues has been treated unfairly. This sort of action is virtually unknown at present in New Zealand and would not be a desirable development.

Industrial action, however, was not in the minds of the PPTA Executive in 1989. Shell-shocked by the extent and speed of the changes, staff and members everywhere struggled to little effect to explain to the reformers why the elements of the system operated in the way they did. The difficult award round of 1988-1989 was coloured by the assumption on the part of the State Services Commission that full devolution of all employer responsibilities to boards of trustees would soon be a reality,⁹ but in the interim a national award was achieved. Principals, however, were not to be part of it. They were removed from national award coverage and placed on individual employment contracts in order to confirm their separation from teachers and to reinforce their roles as employers. By the end of 1989 all the piles were in place for the construction of the bulk funding edifice there was simply a delay in the next stage of construction.

BULK FUNDING — DIRECT OR INDIRECT?

Time was not wasted during the relative hiatus of 1990. Research and information about the operation of devolved systems elsewhere was collected and distributed to PPTA members. Internationally, bulk funding had many forms, but the chief distinction was between its direct and indirect forms. Indirect bulk funding or the staffing-first model involved the payment of a total amount based on the actual salaries of teachers in a particular school, whereas direct bulk funding, or the cash-first model, delivered a sum to schools based on a national, average, teacher salary.

Teachers quickly discerned the benefits of the former over the latter. The staffing-first model protected current staffing entitlements while allowing boards some staffing flexibility over a period of time. The cash-first model produced winners and losers according to the numbers of teachers in the school who were employed at the top of the scale.

If bulk funding were inevitable, the indirect model seemed preferable, both industrially because it would protect jobs and educationally because it would protect equality of educational opportunity. It was apparent that the direct model would permit schools in wealthy areas to supplement their grant with community-raised funds and so offer enhanced salary and allowance packages. This would exacerbate recruitment problems for schools serving poor communities.

Boards of trustees were being bombarded with information from both sides. PPTA sent them information alerting them to the fact that under the direct model of bulk funding, they could be compelled to appoint the cheapest teacher rather than the one they felt was best-suited for their school. In April 1990, a post-implementation review of Tomorrow's Schools (The Lough Report) promoted bulk funding but acknowledged that boards had indicated that they would be unable to manage the heavy workload of full bulk-funding at this stage.¹⁰

1990 — THE POLITICS

On the 27th of October 1990, after six years in power, the Labour Government was defeated by a National Government pledged to complete the stalled neo-liberal transformation. Bulk funding immediately moved to the top of the agenda. The new Government called on the Ministry of Education to provide advice on how to implement it. The Ministry's response was to produce a lengthy and detailed document which identified six possible approaches to bulk funding.¹¹

This document did not meet with the approval of the State Services Commission. The Assistant Commissioner, Paul Carpinter, in a paper to the Minister of State Services, Bill Birch stated that:

We have gained the impression that the Ministry still seems to feel that the devolution of salaries is too difficult rather than seriously trying to implement the policy.¹²

Elsewhere, it criticised the Ministry's paper as:

couched in terms of the many difficulties that will need to be overcome before implementation is possible and continues the position that much work is yet to be done before firm recommendations can be made. The inference is that short-term implementation is unwise and potentially impossible¹³.

The Commission's anxiety was caused by a fear of "interest group capture." It had observed that the unions were actively discouraging trustees from supporting bulk funding and were thus a serious threat to its implementation. It proposed a more determined push for bulk funding, using the personnel of the School Trustees Association (STA) as advocates.

These comments were echoed two months later by the Business Roundtable, a right-wing interest group, which wrote directly to the Minister of Education, Dr Lockwood Smith, urging some haste and warning (as had the State Services Commission) against any trialling because,

opponents of the policy would be likely to go to considerable lengths to undermine its prospects of success.¹⁴

It dismissed government concerns about the danger of a backlash from schools and communities which would lose out under a national formula.

Efforts to move in this direction should not be thwarted by the fact that there will inevitably be winners and losers. The ability of boards to make more efficient decisions over staffing and operational expenditure will mitigate the problems of those schools which face reduced allocations.¹⁵

In spite of this advice, the Minister of Education announced in May 1991 at the Conference of the School Trustees Association that he was establishing a bulk-funding trial.¹⁶

The reason for the trial rather than full implementation became more apparent in July that year when PPTA representatives along with other unions and the CTU (Council of Trade Unions) met with the Prime Minister, Jim Bolger, to discuss bulk funding.¹⁷ It was clear from the discussion that he was not a strong supporter. He acknowledged at one point that he knew some teachers who didn't support bulk funding and added that he was "married to one." Later in the discussion, when commending the benefits of flexibility, he observed:

The Minister will tell you he has never had such support from me! I sound like I'm becoming a convert!

In her report of the meeting, the PPTA President, Shona Hearn (now Smith) expressed regret that PPTA had not got to the Prime Minister sooner.

Dr Smith has recently said that his mistake was not to impose full bulk funding.¹⁸ But it was not only the Prime Minister who wasn't a supporter. Wyatt Creech, another National Party Minister, in a letter to the principal of Makoura College in 1991, indicated that it went further than that;¹⁹

.... let me assure you that the Government has made an explicit decision not to proceed with bulk funding of teachers' salaries. The Minister of Education is an enthusiastic supporter of the idea but he has not convinced the Government to implement the proposal.

I have attended both Cabinet and Caucus meetings when the Minister has been clearly informed of those instructions. The Government has allowed a two-year trial only and that is all. Any decision on the policy will not be made until the trial is complete and the results analysed.

There was not only a lack of Cabinet support, but the public was suspicious as well. Aside from the Education Forum (an offshoot of the Business Round Table²⁰ formed to promote, amongst other things, bulk funding) and the covert support of the School Trustees Association and SPANZ (Secondary Principals' Association of New Zealand, a breakaway group from PPTA) there was little other popular support. Boards of Trustees, which had already found that the task of running schools was less glamorous than it had appeared on the television advertisements prior to October 1989, and that post-October 1989, the funding was less generous than they might have assumed, were not enthusiastic.

Lockwood Smith was not helped by the fact that his bulk funding baby was born into a time of severe cost restraint. The formula produced too many losers. The funding models developed by the Ministry showed that there would be "a significant disadvantage to 514 primary schools, an immediate loss of one or more

full-time teaching staff in 259 primary schools and that 55% of secondary schools would be disadvantaged and 30% would lose a minimum of one teacher".²¹

Although Lockwood Smith would subsequently run the argument that loser schools because they had more experienced staff were wealthier schools and probably deserved to lose, there was no such consistent pattern. Rural schools and low-decile schools which had experienced successive roll drops causing them to shed staff on the "last on, first off" principle, were equally likely to have a complement of top-of-the-scale teachers.²²

Whatever the disposition of loser schools, there was no doubt that this was an inauspicious way to launch a new policy. Driven by a belief in the purity of the economic principles and a prejudice against what they regarded as a largely idle and overpaid teaching force, the reformers were incapable of factoring in considerations of pragmatism and political reality. The total package added up to a PR disaster. Just how much so, was apparent later in the year when Ruth Richardson, the Minister of Finance, delivered her first budget on July 30 and revealed that in order to find the \$20 million needed to fund the bulk funding trial she had reduced the non-contact factor in secondary schools and introduced a capped, bulk-funded grant from which schools were to pay day-relief.²³

Interestingly enough, Tony Steel, National Member of Parliament for Hamilton East and a former secondary school principal, had attempted to warn Lockwood Smith of the weaknesses in the policy. In a private letter²⁴ to the Minister he cautioned against "forcing' a dicey formula." In particular he noted that the creation of winners and losers would ensure the trial was conducted in a "strained atmosphere" and warned against its association with staffing cuts. He observed that: "It is important that we are on the front foot and not trying to justify something that at this stage appears difficult to defend."

His own solution was to use an indirect formula which ensured no school was a loser. Unfortunately (or perhaps fortunately in PPTA's case), his good advice was not heeded and he had to wait until 1998 before his "enhanced resourcing formula" was introduced.

BUILDING THE OPPOSITION

The publicity war intensified throughout 1991. A kit prepared for PPTA by John Grant (at the time, Principal of Tamaki College) was sent to all branches who were asked to discuss its contents with their boards.²⁵ The kit focussed on the myths of flexibility: that there would be no flexibility without resources and the government was likely to devolve to boards the task of cutting costs.

At stop-work meetings in April, PPTA members voted overwhelmingly in favour of a recommendation which said:

This meeting welcomes the Government decision to delay the implementation of salaries bulk funding; declares there is no model of bulk funding which is compatible with a quality, national education system and therefore will not accept any proposal for trialling of bulk funding of salaries.²⁶

In late May, on the strength of that authority, Executive directed members not to participate or cooperate in any trials of bulk funding of teachers' salaries. Branches were instructed to inform National Office immediately if their boards were investigating bulk funding, and as a point of reassurance for members, given the risks implicit in taking on a National Government head-on, members were told:

“Our stand over salaries bulk funding is also shared by members of the NZEI. We should therefore be reassured by the fact that 30,000 teachers are all saying no to bulk funding along with large numbers of boards of trustees themselves.”²⁷

The July Budget announcement of salaries bulk funding along with staff cuts allowed PPTA to respond with justified indignation. Annual Conference reaffirmed its opposition to bulk funding and directed members not to apply for positions in bulk-funded schools. A war of position broke out with NZSTA over this when it wrote to boards claiming that the activity was blacklisting and could include activities such as:²⁸

- encouraging all teachers to leave secondary schools which “opt-in
- discouraging any teachers from going to teach in schools that “opt-in”
- use of industrial tactics to make bulk funding implementation difficult, unpleasantly unmanageable

PPTA responded by sending out its own support material was sent to schools and in September all secondary and area school principals were invited to a meeting in Wellington to send a message to the government to “take the \$20 million set aside for salaries bulk funding and put it back into staffing”. Over 300 principals attended and were able to gain collective support from each other. As members of boards of trustees, isolated from each other and, because of their individual employment contracts, distanced from the teaching staff, they were very vulnerable. Principals were asked to support a protest teacher-only day to be held on October 3rd. Teachers attended school on the day to discuss bulk funding and the loss of some 550 teaching positions that accompanied it; students were asked to stay home.²⁹

More information, including a video was sent to schools and a national advertising campaign funded jointly by NZEI, CECUA (Combined Early Childhood Union of Aotearoa) and PPTA was launched in November. It

was based around a cut-out of a child set against a ten dollar note and carried the legend: "Bulk funding will cut one thing out of education." The advertisement invited parents to say 'no' to bulk funding.³⁰

Members were asked to monitor schools in their regions and identify any showing interest in entering the trial. Pressure was then exerted on the board internally from its own staff and externally from the community. Other branches were notified of the need for support and would send faxes to the affected branch and sometimes to the board itself asking it to reconsider. PPTA staff and elected officials made themselves available to address branch, board or public meetings in a manner described as "have aeroplane, will travel."³¹

PPTA branches and regions soon began to take the initiative in the bulk-funding fight. In Manawatu-Wanganui, for example, members went further than the conference decision and declared their willingness to impose actual blacklisting – asking other unions to join the employment ban, picketing schools which joined the scheme and suspending all sporting, cultural and professional links with any school in which the board imposed bulk funding.³² When the New Plymouth Boys' High School Board tried to join the trial secretly at the end of 1991, staff spontaneously boycotted assembly and later resolved to boycott senior prize-giving. In the face of strong parental support for staff, the board reversed its decision.³³

In November 1991, after intensive lobbying, the Labour Party called on the National Government to abandon bulk funding. It did not alter its policy until 1992, but given that Labour had introduced bulk funding, it was an important political and public relations statement.³⁴

A "WEEDY" TRIAL

The high level of political and industrial activity, the fact that most schools were losers anyway, and a pervasive mistrust of the Government's intentions combined to keep the trial small; a total of seven secondary schools. Westlake Girls' High School, under the headship of Alison Gernhoefer, a member of the Education Forum, had been the first to declare its hand. The list of interested boards numbered 14 in October but it had shrunk to nine by December, and at the closing date for the trial (20th December) it had fallen to seven out of a total of some 320 secondary schools.³⁵ This was a great success but one that came at a cost to relationships in schools and eventually in the wider union. A communication to members towards the end of the year alluded to this.³⁶

Members should be aware that external pressure from other PPTA branches has played a significant role in influencing the decisions of many schools not to proceed. However members should also know that many of their colleagues within schools which continue to take an interest in bulk funding

until a late stage, including many principals, took great personal risks and exposed themselves to very tense situations in order to express their opposition.

Whether in or out of bulk funding, many of these late-acting schools are now experiencing serious internal divisions. PPTA members in these schools are individually and collectively suffering the after-effects of having carried the brunt of a situation which really affects the whole service. All members are asked to act sensitively and supportively towards their colleagues now working in these difficult circumstances.

PART 2 — 1992 THE WINTER OF OUR DISCONTENT

BULK FUNDING AND THE EMPLOYMENT CONTRACTS ACT

On June 30th 1992 the Secondary Teachers' Award expired and for the first time PPTA had to negotiate a national contract under the much harsher terms of the Employment Contract Act. It was expected that on expiry of the National Award, the Government would seek to establish site contracts. Bulk funding and site contracts were flip sides of the same coin. The Ministry of Education's Corporate Plan for 1992/93 stated it explicitly.

One particular constraint in the extent to which industrial issues can be devolved in the state school sector is the limited implementation of the teacher salaries grant. The widespread devolution of responsibility for industrial matters to state school boards in the absence of the discipline of the grant for teachers' salaries could have financial results that are contrary to the Government's fiscal objectives³⁷.

There was some doubt about the capacity of PPTA to survive the onslaught implied in these words but there was never any doubt the organisation would go down fighting. Plans were drawn up for the negotiation of site contracts if it became necessary and a standardised Individual Employment Contract was prepared with the expectation that members would take it directly to their boards if national negotiations collapsed irretrievably.

Members in the seven secondary schools which remained in the trial and those in the Correspondence School which had been bulk-funded since 1989 were understandably dismayed by the thought of being cast out from the national contract. All of the bulk funded schools had become, to some extent, unpleasant places to work in, particularly for those identified with the resistance. They did not relish the prospect of

their boards and principals having even greater employing powers over them. Since the atmosphere in the bulk-funded schools was already tense, members in surrounding branches were discouraged from actively extending the blacklisting to include activities other than the directive not to apply for positions in bulk-funded schools. In any event, the blacklisting was never a very successful tactic because the jobs lost as a result of the previous year's budget cuts created a significant surplus of teachers, some of whom inevitably ended up in bulk funded schools.

On July 1st, the day after the contract expired, PPTA held the first strike under the ECA. It was well supported, with members demonstrating that they understood the link between a national collective employment contract and bulk funding.

A week later, the General Secretary and the Chairperson of the PPTA Principals' Council were called to a meeting with the Minister of Education to be told that it was the Government's intention that salaries of principals and all senior staff in schools were to be bulk funded at the start of 1993 under a scheme known as the Management Salary Grant, later to be called the Salaries Grant for Management (SGM).³⁸ The main reason given for the change was that there needed to be a clearer distinction between managers and managed in schools. This time, Tony Steel seemed to have won out because the payment was for actual salaries not an average. Initially, there were to be no loser schools.

Regardless of that, the absence of consultation, and the undermining of the national contract negotiations infuriated teachers. There was also an implied threat to the continued collective coverage of senior positions, other than the principal, in schools. As well, the bulk funding relief fund introduced in the 1991 budget was running out in some schools as a result of winter illnesses meaning that teachers had to give up non-contact time to cover for sick colleagues. A sizable majority of teachers now had tangible as opposed to ideological reasons for opposing bulk funding.

Members responded to the rolling stoppages set down for the final week of July with great enthusiasm. They marched in most towns carrying placards demanding a national contract and opposing bulk funding, and supported the industrial action with a professional ban -- a moratorium on further curriculum development. At the same time, in a demonstration of what the novelists would call pathetic fallacy, the country was suffering from power blackouts caused by the effects of the previous summer's drought on the levels of the South Island hydro-electric storage lakes. The conjunction of industrial unrest with the blackouts created an impression of crisis and chaos which reflected negatively on the National Government.

WILDCATS

In early August the industrial activity intensified in an unexpected way. The Minister had re-opened the bulk funding trial presumably in an attempt to make it more credible by attracting more schools. The final date for the new entries was July 31st, a date immediately after the second round of elections for boards of trustees.

New boards at Melville and Cambridge High Schools determined at their first meetings to enter the trial. Teachers were aggrieved by the surprise tactics, especially as the former Cambridge Board of Trustees had voted the week before not to enter the trial. Members at Melville walked off the site as soon as they were advised of the decision, a wildcat action which came as a surprise to PPTA National Office. Although PPTA now has a reputation as an "industrial union", the reality is that it had only taken around four strike days in the previous 30 years.³⁹ To have had branches take action without a directive from PPTA Executive was unheard of.

It was not only PPTA National Office that was surprised; a call was received from the State Services Commission demanding that the teachers be ordered to return to work. The SSC was disbelieving when told that National Office did not have such power. They demanded that a copy of the PPTA Constitution be couriered to them so they could find authority for such a direction. They were unsuccessful then and in the following week when staff at Cambridge took similar action. There was an outwelling of support from other PPTA members particularly via fax. Cambridge was able to paper the walls of the staffroom with the 150 faxes it received.⁴⁰ In both cases the boards reversed the decision.⁴¹

These actions demonstrated conclusively how vulnerable principals were when trapped between the board of trustees and the teaching staff. If a branch went on to pass a motion of no confidence in the principal then it became almost impossible for him or her to continue to run the school. Although the media tended to describe the disputes in terms of bullying teachers⁴² undermining the authority of a duly elected board, it was almost always the case that relationships between the principal and the staff were not all they could have been prior to the dispute.

SCHOOLS CONSULTATIVE GROUP

The industrial activity and public frustration was now reaching a level that was politically unsustainable for the Government. PPTA too, was stretched organisationally and the evidence was that the campaign was wearing teachers down. The solution, largely engineered by PPTA, came in the form of the Schools Consultative Group, which was chaired by Sir John Anderson⁴³, the Chief Executive Officer of the National

Bank and the chairman of a secondary school board. The group was charged with establishing an agreed vision for education and finding a way forward.

Before the Schools Consultative Group began its work in the New Year, the Government passed the Education Amendment Act 1992 which enshrined the bulk funding of management salaries (SGM or Salaries Grant for Management). In a sign of the times, the Select Committee heard 901 submissions against the proposal and one in favour (from the Education Forum). The Bill was passed into law unchanged.

PART 3 — 1993-1994 A POSSIBLE RESOLUTION

THE DEMISE OF THE SCHOOLS CONSULTATIVE GROUP

While bulk funding did not go away during 1993-1994, the existence of the Schools Consultative Group created a period of calm. Although this was welcome, PPTA's strategic aim was to use the Group to see off bulk funding for ever. The chances of this happening were enhanced by a neat piece of provider capture which saw the secondment of a PPTA staff member to the Schools Consultative Group's secretariat.

The Schools Consultative Group showed its worth immediately by brokering a settlement of the Collective Employment Contract. There was no pay increase and some reduction in conditions but there had been success in preserving the iconic national collective contract.

Secondly, it extracted from the Government a commitment that there would be no further bulk funding trials without the involvement of the Schools Consultative Group. This guarantee included the Salaries Grant for Management which was due to be implemented in May. The Government agreed that the Grant would operate with existing staffing levels and salaries.⁴⁴ The Group's next task was to develop a post-bulk funding resourcing model to be in place for the 1995 year.

As a contribution to the post-bulk funding model, PPTA had begun conducting a trial of its own in 13 secondary schools. Called the Shared Decision-Making Project,⁴⁵ it drew together research from the fields of self-management and education to develop a more consultative, less-hierarchical model of school self-management. The idea was to offer an alternative to the managerialist approach embodied in the reforms and actively promoted by the Treasury and the State Services Commission.

The Schools Consultative Group also provided a forum in which PPTA could raise other items of concern which taken together had been labelled 'modernisation'.⁴⁶ The term referred to a negotiated process for achieving educational change. Issues included in its ambit were curriculum and qualifications reforms, school property changes and exit provisions for teachers. The intention was to reinstate teachers as partners in educational change and to locate the collective employment contract at the centre of any such process. In this way, it was hoped that the Collective Agreement would come to be seen less as a barrier to change which consequently had to be undermined and sidelined and more as a useful mechanism for promoting negotiated changes.

It is fair to say the members were not universally enamoured of the modernisation approach. They remained suspicious of the Government and mistrustful of their union for what they saw as "supping with the devil". Some also viewed the active negotiation of exit provisions as an insult.

As is often the case, members' suspicions proved well-founded. In March, they had endorsed the recommendations of the Schools Consultative Group but with some reluctance. Recommendation 10 caused the problem because it required an acceptance by PPTA of a form of indirect, staffing-first bulk funding similar to the Salaries Grant for Management. It was agreed to, on the understanding that the Schools Consultative Group would continue to manage change in the sector.

As far as PPTA members were concerned, indirect bulk funding was still bulk funding. There was no guarantee that a government would not change the formula and concerns remained about the ability of schools in wealthy areas to undermine educational equity by offering enhanced conditions. In spite of their doubts, they gave guarded approval to the Schools Consultative Group recommendations. However, the group itself did not last long enough to implement any of its proposals.⁴⁷

Cabinet papers reveal that the Ministry of Education was actively undermining the work of the group, probably at the Minister's direction⁴⁸. It was rumoured at one stage that the Minister had threatened to resign if the Schools Consultative Group did not come up with a recommendation in favour of bulk funding.⁴⁹

Certainly, his public pronouncements showed no waning of his enthusiasm for bulk funding. At virtually the same time as primary and secondary teachers were endorsing the Schools Consultative Group proposals aimed at containing bulk funding, the Minister announced at the SPANZ Conference that he favoured an even more extreme form of bulk funding, EFTS (a voucher-like per student funding formula) for the senior secondary school.⁵⁰

On the 5th of May 1994 while the Schools Consultative Group was still meeting, the Ministry advised the Minister that the Salaries Grant for Management (the very scheme the SCG was considering) was expensive and inflexible; it noted how much of school resourcing was now being delivered in bulk; operations grants, relief teacher grants, discretionary teacher aide funding, ESOL (English for Speakers of Other Languages) and the Salaries Grant for Management. It sought approval for funding to extend the bulk funding trial (Teacher Salary Grant -TSG) on the grounds that it had been successful and that opposition to it in the school sector was declining. It also suggested that the formula should be modified to produce fewer loser schools.⁵¹

The Schools Consultative Group was heavily weighted towards supporters of bulk funding anyway so it was relatively easy for the Ministry to undermine the emerging consensus. In the absence of any agreement the Group's recommendations languished. By early October 1994, it was clear that bulk funding was returning. A newspaper report at the time described Lockwood Smith as pressing on with bulk funding. In the same article, Elizabeth Eppel, a senior manager at the Ministry of Education was quoted as saying that:

“The Ministry already handed out 42 percent of resources for schools in cash. Some schools received all their resources in cash while others only got the operation grant and still had teachers' salaries paid from Wellington.”

According to the article there were still tensions in Cabinet:

“Prime Minister Jim Bolger is reportedly angry with Dr Smith and thinks the issue should be more carefully managed.”⁵²

The Minister then moved to establish his own forum, the Ministerial Reference Group (MRG) with the intent of progressing his bulk funding agenda. As the President of PPTA, Roger Tobin described it at the 1994 PPTA Conference:

Bulk funding has become a poison which has undermined the ability of the Schools Consultative Group to deal with the issue of staffing. A poison which threatens to destroy any progress made in the last two years.⁵³

PART 4 — 1995 MINISTERIAL REFERENCE GROUP AND DIRECT RESOURCING

BULK FUNDING WORKS LIKE THIS.

PPTA was initially a member of the MRG but was expelled in April 1995, ostensibly for criticising the MRG Report.⁵⁴ Since it was clear from the first meeting of the group that the Ministry of Education was setting the agenda and on that agenda was a simplified staffing model which would make bulk funding easier to implement, PPTA did not want to be part of it anyway.

The needs-based staffing of New Zealand schools resulted in significant funding variations between otherwise similar schools when the staffing was cashed up for bulk funding,. This added fuel to the perception that there was something unfair about it. The Ministry's aim in the MRG was to develop a formula which was simple and linear and could be applied to all schools.

However, schools are not all the same; some have special needs and when the across-the-board formula was applied it produced savage staffing cuts in most rural schools and in small urban schools. The Ministry seemed surprisingly unprepared for the backlash that the loss of staffing caused, particularly in the rural electorates usually held by National Party MPs.⁵⁵ Its answer was to create bulk-funded proposal pools to which schools could apply and in effect receive a cash payment as compensation for actual staffing they had lost.

Once again and in spite of all the Ministry's best efforts to refit and relaunch the bulk-funded ship in calmer waters (now with a name-change to direct resourcing), the policy was still tarred by its link to staffing cuts.

The Ministry had learnt one lesson. It had embraced the principle of gradualism first recommended by the State Services Commission in 1991. Even schools strongly opposed to bulk funding now had a bulk-funded operations grant, the salaries grant for management, relief bulk funding, bulk funding in the discretionary staffing area and now bulk-funded proposals pools. The final step was to be EFTS (Equivalent Full-Time Student) for the senior school.⁵⁶ The Ministry was working on this in 1995 but it was never developed probably because the calculation of an accurate, fair and nationally-consistent per head formula was very difficult. Given the extent of the opposition to bulk funding, the Ministry could not risk developing a formula which created a new set of 'loser' schools.

The Resistance

From PPTA's perspective in 1995, the imposition of EFTS funding appeared to be a real possibility and another pitched battle on bulk funding, a certainty. In March, members were warned to make sure their branches were ready and when the revival of the scheme was confirmed in April, the rally call went out:⁵⁷

Don't Give Up!

SBF is opposed by 76% of the public. Only 16% support it. Over 100,000 people signed the 1992 petition against bulk funding. Almost 90% of BOTs don't want it. Even the National Party delegates voted against it at their 1992 party conference. The Schools Consultative Group, in the end, couldn't stop SBF. But we did get two years of peace. That is now over. We have fought off bulk funding for the last seven years. Let's not give up now.

Although there were still loser schools, the formula had been crafted to produce more winners so it was known that the fight would be more difficult than in 1992. Now a different strategy was required; all schools were assumed to be at risk of bulk funding unless their boards had formally voted 'no'. Each week, a list was sent out to regions identifying those schools that had said no, those which were still in danger and those where branches were actively resisting it.

The first of these was Opunake High School where the branch walked off the job in protest on September 21st 1995. They organised buses and ensured students were adequately supervised, then spent the rest of the day drawing up pamphlets and a letter to the Board. A notable feature of this action was the speed at which teachers from schools all over the country rallied to send faxes of support. At Opunake, the teachers had no sooner plugged in the fax machine at the house where they were assembling, when it sprang into life and delivered the first fax of support from Golden Bay High School in Takaka. Faxes continued to come throughout the day and night, turning an isolated act into collective action. The support was very welcome; in rural towns there is often a tension between teachers and their community and it was intensified by industrial activity. Striking teachers spoke about the hostility they encountered at the time and for some time afterwards, when shopping in the local township.⁵⁸

Onehunga High School teachers walked out of school on the same day as Opunake and for the same reason, though, unlike Opunake, their board reversed its decision. In October, Dannevirke High School went on strike followed on November 20th by Taumaranui High School and on the 29th, Manurewa. On the first of December there were strikes at Wesley College, Matamata High School and Wairarapa College.⁵⁹

The strikes were the most widely-publicised actions, but branches also withdrew goodwill in a variety of ways, including refusing to do relief or to attend end-of-year camps. At Auckland Girls' Grammar School the teachers went on strike on 13th of December and then protested by attending the prizegiving dressed in black and standing at the back of the hall instead of taking their usual places on the stage. The intent was to demonstrate to boards and sometimes to principals (who should have known already) that schools could not run without significant amounts of teacher goodwill.

The State Services Commission, irritated by its own legislative inability to intervene in the affairs of self-managing schools, invited boards to consider taking out injunctions against their staff since the Employment Contracts Act prohibited strikes unless they were in support of a collective contract. Although some boards docked teachers' pay, none were unwise enough to invoke an injunction.

Collective Action

The view popularised in the media was that the wildcat actions were engineered from PPTA National Office. The Dannevirke High School Branch chair Mike Harris gave the lie to this when he said:⁶⁰

“The visit from a PPTA support team was excellent...They didn't push us. They let us make the decisions. The faxes started arriving from around the country encouraging us to act for everyone's sake.”

At Opunake, it was technically impossible for National Office to direct any action because the large number of faxes arriving on a single phone line meant the branch was incommunicado for most of the time.

PPTA was sometimes accused of manipulating the action on the assumption that the overriding motivation for the organisation was a desire to preserve its power, which would otherwise be eroded by site contracts⁶¹. This suggests a view of a union as in some way distinct from its members. In other words, it relies on the new-right perspective that individuals act only out of self-interest and denies the existence of collective action. It fails to explain why members spontaneously rejected financial arrangements that were likely to be personally beneficial for them and ends up overstating the capacity of the union to direct teachers, while understating the powerful professional commitment teachers have to each other and to education generally.

It is true that PPTA Executive did not attempt to stop the action and refunded lost salary for members if they requested it but it did not actually direct any action. However, the fiction that the action was controlled

from the centre had one useful effect. It meant that the hostility of politicians and the media was generally directed at PPTA rather than the teachers themselves.

On 15 December 1995, the original seven bulk-funded secondary schools had been joined by a further 20 to make 27 for the start of the 1996 year; still a 'weedy' trial.

PART 5 — 1996 THE MEMBERS TAKE CHARGE

Same Policy: New Name

There was no respite from the new form of bulk funding, direct resourcing. In the absence of a trial, schools were free to enter at any time, which meant that there had to be constant monitoring of boards for signs of interest.

The direct-resourcing formula, largely by the addition of a 1.5% loading on salaries, reduced the number of losers and made bulk funding more attractive, especially to those schools due to lose staffing as a result of the implementation of the MRG staffing formula. As well, because the operations grant had been frozen since 1991 (providing a close-to-home example of bulk funding in practice) cash-strapped boards saw salaries bulk funding as a way to make up the shortfall.

There were still losers though. Over the three-year period of the contract, it was possible for schools to move from a surplus to a deficit as teachers moved up the salary scale or new appointments were made. The Ministry of Education had considered this contingency and saw a serious fiscal risk to the Crown if schools were permitted to return to central resourcing once they had got in debt. The direct-resourcing contract made sure that wouldn't happen, stating that there would be "no financial liability to the Crown"⁶² if a school had employed extra teachers, or was overstaffed due to a falling roll or was paying above-the-contract rates because it would not be allowed to return to central resourcing unless the board was prepared to meet the outstanding liabilities imposed by the above conditions.

For this reason, PPTA urged boards to check the figures very carefully not just for the year in question but for the whole three years of the contract. It was often the case too, that the Ministry predictions with respect to the size of the surplus were wildly astray. An early sign of potential problems in a school was when the principal and/or board of trustees refused to hand over the figures for analysis. Most schools, however were happy to have them checked. It was a huge job for the PPTA staff member doing the checking, with each school's figures taking 1-2 days of intensive examination.

The Ministry of Education had adopted the organising tactics used by PPTA in 1992 – “have aeroplane, will travel.” Ministry staff, often assisted by principals from bulk funded schools, actively recruited for bulk funding, visited schools which showed an interest and appeared on the stage with PPTA representatives at public meetings. There were regular reports from schools that the Ministry was not playing fair. If a school was found to be a loser school (usually after the PPTA analysis) the Ministry would apparently offer to adjust the figures to eliminate the loss in the short term. Centrally-resourced schools under threat of staff losses from falling rolls were reportedly told they could avoid the problem by joining the bulk funding scheme. In this way, staffing in centrally-resourced schools became frustratingly inflexible in contrast to the much-vaunted “flexibility” of bulk funded schools.

It might be argued that the Ministry of Education was doing no more than promoting government policy as the public service is required to do but this would ignore the manner in which Lockwood Smith deliberately politicised the Ministry. The State Services Commission papers of 1991, mentioned earlier, describe the frustration both the State Services Commission and the Treasury felt at the Ministry of Education’s apparent reluctance to embrace the new politics. Implicit in this view was the notion of “provider capture”, that the Ministry’s effectiveness was being compromised by the number of people it employed who had an educational background. Staff were recruited from Treasury and the State Services Commission to right this apparent imbalance, culminating in the appointment of Howard Fancy from the Ministry of Commerce in 1996. His appointment was followed by the recruitment of other Ministry of Commerce and Treasury staff to senior positions in the Ministry of Education⁶³. When asked why the Ministry of Education was no longer appointing ex-teachers to positions, Fancy reportedly (and apparently without irony) said that they carried “too much baggage” and also acknowledged (in an unconscious tribute to PPTA) that the Ministry of Education could no longer match the salaries paid in the teaching service.⁶⁴

The political shift in the MOE can be readily discerned in the shift from the bulk funding paper of January 1991, which so offended the State Services Commission, to the Ministry corporate plan of 1992/3 and the Cabinet paper in May 1994⁶⁵, recommending a continuation of the TSG schemes. Given the difficulties, over nine years, of establishing a workable bulk-funding formula, history might well conclude that the cautious Ministry of Education paper of 1991 was actually more useful in its advice than the more one-sided advice that the Ministry took to providing subsequently. It is fair to say that post-1991, Ministry advice constantly under-estimated the extent of union and public opposition to salaries bulk funding while over-estimating its capacity to “force” (in Tony Steel’s words) public opinion.

A thorough check of the figures plus the pressure of public meetings and staff lobbying was usually enough to persuade boards to say no, so although the number of bulk-funded secondary schools crept up towards 40 by the end of 1996, it was still proportionately, at 12%, a small number.

Waimea College Dispute

A new intensity and heightened bitterness characterised the disputes of 1996 as politicians became involved and turned local issues into national media events. An example of this occurred at Waimea College where Roger Ledingham, a member of the original Tomorrow's Schools Funding Working Party, taught.⁶⁶ The teachers took strike action in February 1996, and although pressure had been put on the board to injunct the staff, this did not eventuate. Staff passed a motion of no confidence in the principal. Lockwood Smith then became personally involved in the dispute and spoke at an emotional public meeting after which two board of trustees members resigned.

A radio interview⁶⁷ at the time showed the gulf in perceptions between teachers and the Board Chair. Roger Ledingham had already been interviewed and explained that the staff opposed bulk funding because,

...we look at every other example of bulk funding in the state, from the health through 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.

He also described his experience of the dispute:

It is very very unpleasant. Very very debilitating indeed. I feel bereaved and so do many of the staff, I think.

The board's perspective was somewhat different.

Presenter: So you're taking the money and running, basically? Because of course, Roger Ledingham says it's a national issue, it's not just an issue for the school, it's an issue that affects (sic) the education system, and is directly sheeted home to the Minister of Education. Do you have a political view on it at all?

Irvine (Board Chair): 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: I guess if you have a union it's hard for them to take their argument up in any other way, than to withdraw some or all of their labour.

Irvine: But what about the students, you know, they should be their first priority.

Presenter: And then, of course, I mean, it's one of these endless arguments, then of course the PPTA says that the students interests are the union's interests, because they're acting in the national interest of the education system, and not narrowly focusing on Waimea College. But you don't see it as a national issue at all?

Irvine: No, ah, it, it's a national issue with the government.

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

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

WILDCATS AND GOODWILL BANS

Throughout 1996 the union was also running a campaign in support of its 21% pay claim. It involved all members in a goodwill ban, refusing to undertake work outside normal hours and most notably, rostering home, which was a refusal to teach a certain year-level on set days. Again, without any direction from PPTA Executive, members began to take charge of the industrial action themselves.

When the Stratford High School Board⁶⁸ went into bulk funding, the branch responded by refusing to do any goodwill activities unless they were paid for it. PPTA Executive was ambivalent about this activity because it made teachers direct beneficiaries of the bulk funding surpluses but members adopted it with enthusiasm and it was used in many bulk-funded schools after that. In some schools the fierceness with which the teachers operated this policy rendered the principal totally powerless, forcing the principal to seek jobs elsewhere in recognition of the fact that relationships were so damaged there was little hope of repair.

Situations like this again reinforced the vulnerability of the principal as the one person in the school directly answerable to the board and not easily able to oppose a board's decision to opt-in. Many of the bulk funding battles arose because the principal, often new or inexperienced, had overestimated his/her

capacity to lead the staff. It was a difficult balance to maintain but principals who sacrificed professional relationships to follow the managerialist thrust of the reforms often came unstuck.

Another way that members demonstrated their ownership of the industrial action in 1996 was to take school-based wildcat action in support of the pay claim. In August a number of non-bulk funding schools, without any direction from Executive, went on a one-day strike to express disgust at the Government's pay offer.⁶⁹

With New Zealand's first MMP election to be held in October 1996, the Government was looking, once again for a more settled industrial climate. In the spirit of damage control the Prime Minister, Jim Bolger, had removed Lockwood Smith as Minister of Education after the Waimea affair. The decision was perhaps assisted by the fact that PPTA had erected a billboard on the road to the Wellington Airport which, beside a photograph of Smith artificially touched up to give a glint to his ubiquitous smile, stated: "The Honourable Lockwood Smith the force behind your Public education system!" The intention was that the words 'honourable' and 'public' would fade out over time, but Lockwood Smith was gone before any changes were necessary.⁷⁰

His replacement, Wyatt Creech, had a reputation as more of a pragmatist. On August 9th with an election looming and a threat of indefinite industrial action in the air, he agreed to settle the PPTA contract with a 12.5% pay increase.⁷¹ Perhaps this was just as well because an indefinite strike may well have been difficult to sustain.

As in 1993, PPTA looked to the ballot box to bring the end of bulk funding. As both Labour and NZ First had policies opposing bulk funding there seemed a good chance the fight was over.

PART 6 — 1997-1999 FULLY-FUNDED, BULK FUNDING

THE COALITION AGREEMENT

Instead of presaging the end of bulk funding, the New Zealand First/ National Coalition Agreement contained a statement that bulk funding would remain and also stated that:⁷²

A review of the formula will be undertaken to remove anomalies

Combined with information imparted by Associate Education Minister Brian Donnelly that an extra \$85 million had to be set aside for the school sector for 1997, things looked ominous.

PPTA's response was to raise the spectre of industrial action and to call for a moratorium on salaries bulk funding as had happened in 1992. It may have been the effect of wearying years of industrial struggle, or a reflection of an internal leadership fight throughout 1997-98, but elements of the campaign began to assume a surreal quality. The controversial use of a "concept visualiser" resulted in a number of stunts, including delivering a frozen turkey to Christchurch National MP, Gerry Brownlee's office (the intended message being that schools that went for bulk funding were like turkeys voting for Christmas) and a proposal that members post carrots (representing a bulk funding bribe) to MPs. (The Post Office refused to deliver the carrots.)⁷³

Activities like this produced deep unease amongst the membership who felt that the dignity of their professional and political opposition to bulk funding was being undermined. They were also clearly unhappy about strike calls being made more as a publicity stunt than as part of a considered plan of action.

There was a distinct difference between the spontaneous wildcatting of 1996 and the media-focussed threats of strikes of 1997-98. The difference was starkly apparent on April 2 1998 when PPTA called a strike which, for the first time, was only partially successful probably because it had failed to capture members' imagination. In the Employment Contracts era, industrial action was not common so PPTA's "cloth cap antics" as editorial writers described them, stood out. PPTA members, while committed to their cause found it demoralising and debilitating to be constantly subject to attacks in the media. The lesson was they would not support a strike just because it had been called by Executive; it had to be for the right reasons.

BRANCH-BASED ACTION

There were many successes in turning boards of trustees away from bulk funding, but the disputes that developed after Waimea assumed new levels of hostility. At Edgecumbe College a new and relatively-inexperienced principal severely misjudged the staff's strong feelings and joined the direct-resourcing scheme on 15 December 1996. As was often the case, poor process incensed teachers as much as the actual decision.

In this case the decision was made covertly after school had finished for the year. On other occasions, boards met in secret, excluded the item from published agendas, endeavoured to go into committee or took a secret ballot to avoid public scrutiny. (It should be noted that in most cases a secret ballot did not provide anonymity; teachers could usually calculate how the votes had fallen.) It was also risky for boards to override the results of either a parental or a public meeting recommendation that rejected bulk funding.

At Edgecumbe, most of these were tried at some stage and had the effect of consolidating the opposition. After passing a vote of non-confidence in the principal, staff ran a comprehensive campaign of non-cooperation which at times bordered on guerilla warfare. Ironically, the principal was compelled by the show of strength to adopt a more conciliatory approach to staff relationships and to consult with the branch about issues which affected them. Although bulk funding was supposed to break the union influence at the school level, in situations like this its effect was the reverse.⁷⁴

As well as the usual complement of faxes saying basically: “your fight is our fight; stick with it” Edgecumbe received a number of faxes describing professional life in a bulk-funded school.⁷⁵ This information could not often be used for publicity purposes because it undermined the school in the eyes of the community, potentially putting the school’s survival at risk. It did, however, strengthen members’ resolve in the affected schools.

Bulk-funded Taumarunui High School described how their staff had calculated that they did 6000 hours of goodwill activities and had discontinued most of them. They also stated that:

At the end of the second year of bulk funding salaries the Operations Grant remains inadequate to such an extent that if we remain at our present level of overstaffing the cash-flow crisis already experienced will become so acute that the payment of staff salaries cannot be guaranteed.

Waimea College teachers described the atmosphere in their school in the following way:

Principal and Board and staff have had and are still having totally negative experiences. We have lost students, staff. We will lose more staff because of the introduction of bulk funding. Many of the “extras” have disappeared from student life because of withdrawal of goodwill. There is total distrust of the BOT and especially the Principal. School image in the community is deteriorating. Staff morale is rock bottom. We feel victimised by a campaign orchestrated by the Principal that set out to tarnish the reputations and motives of highly dedicated staff.

The Correspondence School too shared its special perspective on bulk funding.

Bulk Funding has a well established poor history in Health, tertiary education, and early childhood education. Our own experience at the Correspondence School confirms fears about bulk funding. For example, huge increases in several curricular areas, the new Qualifications Framework, and the need for a Technology upgrade have stretched our resources to breaking point. All these cost money, yet our Bulk Fund does not include a section for the capital costs.

Other bulk funding schools similarly described the low morale and mistrust that had developed between boards, principals and teachers. Contrary to the Ministry's claims that bulk-funded schools still chose the best not the cheapest staff, PPTA representatives in these schools observed an increase in casualised staff – an increase that was confirmed in the Ministry–commissioned evaluations of bulk funding.⁷⁶

The success of the “fax attack” approach was acknowledged by an unexpected source, the Association of Bulk-Funded schools. The Secretary, Jill Pritchard said that:⁷⁷

Fax messages urging members to write to schools that were considering bulk funding called on “the blind adherence and loyalty typical of a union mentality which has no place in the modern world.

It was the case that PPTA National Office undertook to inform other members about a branch needing support but only ever at the request of the branch itself.

The one place where bulk funding wasn't empowering for PPTA members was Avondale College where the Principal, Phil Raffills, was a vociferous advocate of bulk funding. He had taken the school into the original trial and in 1996 had set up the Association of Bulk-Funded Schools to lobby for bulk funding. PPTA activists in the school were subject to intense pressure particularly if they joined any national industrial action. In 1997, Raffills was found by the Human Rights Commission to be guilty of discrimination by advertising for teachers who would “happily support the direct resourcing of teacher salaries”.⁷⁸ He was forced to publicly retract and apologise, but he continued to make life difficult for those in the school who questioned the efficacy of bulk funding.

This touches on another reason why teachers were so opposed to bulk funding. As professionals they tend to view themselves as advocates for their students. In most staffrooms in New Zealand, political, educational and administrative strategies and ideas are hotly contested. In a subtle way bulk funding exerted a control over these activities. In the second Ministry of Education evaluation of bulk funding teachers were asked what activities were no longer possible at their school under bulk funding. The answer given by one of the teachers was: “Freedom of speech.”⁷⁹

FULLY FUNDED OPTION

When the budget appeared in May 1998, the \$85 million expected to be set aside to provide an enhancement for bulk funding proved to be an understatement.⁸⁰ The third bulk-funding mechanism, the “Fully Funded Option” removed the average salary mechanism and replaced it with a rate set at the top of the basic scale. The total cost -- \$220 million over three years - was huge, and invited the response that it

was simply a bribe to lure schools in so the Government could systematically reduce the amount. Certainly, in answer to a written answer in the House, Wyatt Creech said the budget anticipated that 80% of schools would have joined the scheme by the end of 2001.⁸¹

Initial analysis raised the possibility that PPTA could no longer persuade schools to stay out, and even that it was immoral to continue to try to do so. There were those who advocated that the best approach was to encourage all schools to opt in immediately, thus creating a funding crisis. The final decision was that the fight would continue.

The main early weapon was financial. Even given the considerable sums involved schools could still become losers over time. The tasks of checking the figures for each individual school became almost overwhelming. In one notable case, PPTA's check of the figures revealed that the predicted Ministry of Education surplus of \$192,993 turned out to be \$45,000.⁸² As well there were constant but very important demands for the PPTA to send speakers to bulk funding meetings around the country. In anticipation of the number of branches that would need support, regional activists were asked to share some of the load.

The battle had become very uneven; in three months, 12 schools had gone into bulk funding. It was significant that some were in parts of the country that had never previously had a bulk-funded secondary school. Regional networks in these areas established "bulk-funding free zones" and took pride in their achievement. Experience showed that bulk funding was contagious so to have one bulk-funded school in a region was a serious blow.

Although the FFO formula had finally been uncoupled from staffing cuts, the two issues still intertwined. PPTA had been attempting to negotiate a Collective Contract since February 1998 which included a claim for 1200 extra teachers to reduce workload. The connection was plain. Instead of putting the money into a nationally-planned staffing resource, the Government's intention was to make individual schools entirely responsible for ensuring they had sufficient numbers of trained and qualified teachers in front of students. Prime Minister Jenny Shipley confirmed this suspicion when she said that bulk funding would help the government to "manage fiscal risks in the future."⁸³ Wyatt Creech reinforced her position in a letter to a secondary teacher in which he said:⁸⁴

If all schools opted for bulk funding an extra 2000 teachers could be employed by 2001.

Again, Ministry briefing papers showed that the Government intended to take a hard-hearted approach to schools which ran out of money, confirming the suspicion of a plot:

...schools that initially gain more money for staff salaries, but later find they get less because of changes to the “qualifications mix of their staff” should not be compensated, the Ministry of Education has advised the Government. ... Briefing papers, released under the Official Information Act and agreed to by Cabinet, argue that compensating such schools could create the belief that the Government would rescue schools in future, which may undermine the culture of self-management which it seeks to encourage...The Ministry also warned Mr Creech that bulk funding could lead to variable gains. It is likely that some boards will make very effective use of the additional resources provided, while other weaker boards will not.⁸⁵

In spite of the blandishments, schools continued to turn down considerable sums of money. In Wellington, 13 principals wrote to the Minister of Education rejecting bulk funding asking that he instead use the money to address secondary staffing shortages.⁸⁶ Awatapu College in Palmerston North turned down \$430,000 and Freyberg College also in Palmerston North turned down \$98,000 (reduced from the MOE figure of \$149,000).⁸⁷ In stating its reasons the board said that,

it believed staff were the school’s greatest asset and it wanted to ensure the school was able to continue to employ the best people for available positions. Under bulk funding there would be pressure on schools to employ younger, less experienced teachers.

It also expressed concerns about a school's inability to withdraw from the bulk funding contract and doubts about the Government’s continued commitment to high levels of funding.

The Fully Funded Option hit a rocky patch in July when the Asian economic crisis forced a re-think of the budget. There was a suggestion that a modification of the Fully Funded Option to save money by restricting the take-up rate was in order. The *New Zealand Herald* reported that:

The idea will be controversial among National MPs, several of whom have already said publicly that they do not want the policy compromised. Not only is it fundamental to the party’s education strategy but it is strongly opposed by the Post Primary Teachers’ Association.

Feeling against the PPTA runs high in National circles and MPs will be reluctant to give the union anything that could be perceived as a victory.⁸⁸

The comments indicate that the impetus for the policy was now largely political and anti-PPTA rather than educational. This may have been a consequence of the approach taken by the union in 1997-98. Certainly, *Fiske* and *Ladd* suggest that:

The increasing stridency of union opposition to bulk funding – especially that of the PPTA – fanned the fires for proponents of bulk funding.⁸⁹

This begs the question as to what other strategy would have worked given the amount of money that was now on offer.

INTEGRATED SCHOOLS

The policy continued and members continued to oppose it. St Peter's College Branch in Palmerston North not only took strike action but also explored the possibility of using an injunction against the board to force it to review the decision which it believed had been made illegally.

Catholic Integrated Schools added a special dimension to the bulk funding debate. The Director of Catholic Education Office (and ex-president of SPANZ) Pat Lynch was associated with the promotion of bulk funding through his membership of the Education Forum. However the Marist Brothers publicly allied themselves to the unions in the fight against bulk funding.⁹⁰ The Archdiocese of Wellington similarly rejected bulk funding.⁹¹

Most important of all was the role played by Ivan Snook, Emeritus Professor of Education, himself a Catholic, who tirelessly made himself available to speak to public meetings about the morality of bulk funding and who wrote extensively on the topic. He was particularly critical of the Catholic education leadership in New Zealand and contrasted it unfavourably with the Catholic Bishops in England who had said on the topic of grant-maintained (bulk-funded) schools:⁹²

We were offered thirty pieces of silver [the allusion here cannot be lost on any Christian] to encourage Catholic Schools to abandon community values for individual self-interest.

Standoffs continued up and down the country. As well as St Peter's College in Palmerston North, Pakuranga College, Thames High School, Hauraki Plains, Hamilton Boys and Mountainview High School in Timaru all took various forms of industrial action.

CONTINUED ACTION

Mountainview was particularly interesting because the students involved themselves in the dispute. The head girl and boy wrote to parents asking that they keep their children home in protest the next day. Wyatt Creech became involved when the board, which had signed up to bulk funding, asked to be released from

its contract. The Minister refused.⁹³The *Timaru Herald* was one of the few newspapers to identify the culture clash at the centre of the dispute.⁹⁴

Some suspicion exists into exactly what motivates teacher opposition to bulk funding. The cynic would say they oppose bulk funding because it might spell the end of their powerful national collective contract, that they like their fortnightly cheques coming from the Government, and do not want to be paid directly by their own board.

However, their reluctance is understandable. School boards change every three years, and tend to have short-term outlooks compared to career-minded teachers. Well-meaning board members might not fully grasp school culture, not appreciate the value of teachers over buildings.

But that does seem to be a secondary issue. Teachers are committed to education – their present and future pupils – and they simply do not trust the Government on long-term bulk funding benefits. Their suspicions have some basis. Look what happened, they say, in kindergartens, hospitals and tertiary education. And if the Government has \$222 million extra to put into schools, why not just distribute it instead of buying off individual schools?”

Meanwhile, the Secondary Teachers' Collective Employment Contract remained unsettled which was useful because boards could sometimes be persuaded to delay going into bulk funding until a settlement was reached. However, it was also very dangerous because the Employment Contracts Act allowed the Government to destroy the collective contract at any time by promulgating individual employment contracts. As the Minister refused to allow the Ministry of Education negotiators to meet with PPTA while there was any industrial activity going on, very little progress was made. In the interim, preparations were made by PPTA for the worst case scenario, a site contract. It would have endeavoured to build in any benefits that teachers in individual bulk funded schools had won. A contract which charged schools for all the services teachers delivered was less than ideal because it would undermine professional commitment but it seemed to be an inevitable consequence of the bulk-funded model.

In August 1998, feeling under pressure to move from the insecurity of deemed individual contracts and to return to the relative security of a Collective Employment Contract, PPTA Executive passed the following resolution:

That PPTA inform the Minister of Education and the public that, in order to progress negotiations on the Secondary Teachers' Collective Contract, the Executive agrees to the Minister's request not to call any industrial action – national, regional or local.⁹⁵

The words had been chosen very carefully. Executive felt the recommendation required only that it not call any action. It didn't mean that groups of members couldn't choose to act. This was not however, how Wyatt Creech saw it. He believed it meant that Executive would direct branches not to take action. Members were confused; the Auckland Region of PPTA wrote in dismay to National Office complaining that not to support its branches⁹⁶

with money faxes and other tokens of goodwill seems to us to be contradictory to all the promises we have made to branches in the past and also contrary to the interests of the union.

The Executive recommendation was not well received and did not always work. In December industrial activity commenced at Central Hawkes Bay College, causing the Board of Trustees to resign.⁹⁷ In Parliament on 15th December, Wyatt Creech raised the possibility of a blanket imposition of bulk funding.⁹⁸ In the absence of a settled collective this was a matter of concern. It had not escaped the notice of political commentators that the Government could seek to reverse its failing fortunes in the polls by a head-on clash with the PPTA. Given the close links between some of the Central Hawkes Bay Board members and the National Party, it seemed quite probable, in PPTA circles that the resignation had been engineered by the government to either justify full imposition of bulk funding or to pressure PPTA to stop branch action.

Colenso High School erupted into conflict in May 1999, which was resolved when the board rescinded its bulk funding decision but was followed by the principal's resignation.⁹⁹ In an echo of the mechanisms used by the union to provide support, the principal was sent flowers and faxes from bulk-funded schools. The new Minister of Education, Nick Smith, threatened similarly to impose full bulk-funding.¹⁰⁰ Even when the contract was settled in June 1999 action still continued although it was completely illegal to go on strike within the term of a settled contract.

Central Southland College teachers, incensed by the board chair's decision to use his casting vote not to retain the status quo but to put a divided board into bulk funding, went on strike for four days. The Board Chair, Owen Edgerton, was also president of NZSTA, a fact which once again gave the dispute a national, political focus.¹⁰¹ In the words of a local PPTA Executive Member:

This was a strike not led by radical unionists but by concerned and very angry teachers.¹⁰²

In a letter thanking PPTA Executive for refunding their four days' lost pay, the teachers there said:

We would like to thank PPTA for allowing the staff of CSC ownership of our own dispute. The past eight weeks have been difficult for us and to know that all branches of the PPTA have

been quietly supporting us has given us the strength to stick to our principles and not roll over.¹⁰³

For whatever reason, perhaps fearing a backlash from boards of trustees, the Government did not try to impose bulk funding and by the end of 1999 only 30% of secondary schools had joined. It was apparent to all that Labour was going to win the election and when they did bulk funding would be dead. Instead of being asked to wait for the Collective Employment Contract settlement (which had settled on June 11th 1999) boards were now asked to “wait for the election”.

There was a brief and unsuccessful campaign on the part of some bulk-funded schools, mainly in Auckland, to encourage voters to reject Labour because of its bulk funding policy. It brought a sharp rebuke from Trevor Mallard, the shadow Minister of Education, who wrote to all schools explaining that the campaign was misleading, and reinforcing the fact that bulk funding would end after the election and that the money would be shared amongst all schools.¹⁰⁴ Bizarrely, some schools then rushed into bulk funding on the grounds that they could get their hands on the extra money, while not actually damaging the national education system because Labour was going to repeal bulk funding. One school even went so far as to put in an application after the election.

THE END OF BULK FUNDING

Finally, in July 2000 the controversial clause s.91D of the Education Act was removed but whether that means the end of bulk funding is less certain.

BULK FUNDING — DEAD OR SLEEPING?

Although the Labour-Alliance Coalition had delivered on its promise to end salaries bulk funding and share the money out amongst all schools, as usual with the bulk funding chameleon, things were not that straightforward. The Minister of Education, Trevor Mallard insisted that the “flexibility” that bulk-funded schools had come to expect had to be retained in some form. The solution was to allow schools to continue the practice of employing teachers from the operations grant.

At the moment this does not represent a particular threat; schools already do it and other demands on the operations grant mean that schools are limited in the number of teachers they can employ this way. It does however, raise the same concerns about an equitable state system as full bulk funding does; schools in wealthy communities, able to supplement their government grants with locally-raised funds will be able to employ more teachers and offer enhanced conditions. They will be

considerably advantaged in the recruitment stakes, an advantage which will become very significant as New Zealand moves into a period of considerable growth in secondary-age students which unhappily coincides with high loss rates from the profession

There is also the danger that a future government will use the operations grant mechanism to systematically transfer staffing from the salaries grant to the operations grant. A greater danger is the possibility of the introduction of educational vouchers which would by-pass boards completely and go directly to parents. Boards have failed the New Right; they have not been prepared to be hard-headed employers and more often than not have taken the employees' side in disputes.

CONCLUSION

Popular myth may well record that PPTA destroyed bulk funding but this would be only half the story. The record shows that PPTA led the charge but could not have succeeded if there were not a deep public unease about bulk funding as it operated in other sectors and if it were not assisted by regular policy blunders with the implementation. A funding model which constantly produced loser schools was surely a triumph of ideology over political nous. As Ivan Snook said at the Dannevirke High School public meeting on bulk funding:¹⁰⁵

Bulk funding is not a financial decision but a moral one. Constant talk of winner/loser schools is a disgrace. We are not talking about customers in restaurants but about our children.

On top of that, the National Government kept undermining the trust in bulk funding by sending subliminal messages that the real intention was to cut costs. The 1991 introduction of the bulk funding trial was accompanied by serious staffing cuts and the full imposition of bulk funding on the early childhood sector. The 1996 option was again associated with staffing cuts this time from the MRG, and at around the same time, bulk-funded kindergartens were unceremoniously dumped from the State Sector clearly indicating where the policy led. Even in 1998, the Fully-Funded Option was accompanied by considerable static from the police and fire services who were bulk-funded and under pressure to sack staff because the money had run out. Throughout most of this time schools' operations grants remained static, serving as a powerful warning to boards about the Government's real commitment to funding schools. In contrast to all other sectors where bulk funding applied, funding for salaries bulk funding in schools kept increasing because the strength of teachers' opposition meant that the size of the "bribe" had to increase.

Clearly though, there have been casualties. Many members sacrificed their careers to fight bulk funding; others, including principals, left the service altogether.¹⁰⁶ Divisions were created in the fabric of the union, particularly with those members in the large high-decile bulk-funded schools which became in many respects more like private schools. The reactions of these schools to policies, such as the return to zoning, and the new national qualification system (the NCEA), as well as the removal of bulk funding, suggest that the schools no longer see themselves as part of the national network of schools. In this respect the New Right tenet that people are motivated by self-interest may have become a self-fulfilling prophecy.

Of more severe concern for the future of New Zealand secondary education is the fact that New Zealand is desperately short of secondary teachers while rolls in secondary schools will continue to rise until 2007. This is a direct result of policies which eschewed national planning of teacher supply in favour of an individualised, bulk-funded solution.

A similar approach was taken with the implementation of information and communications technology. It was assumed that bulk-funded schools would purchase technology from savings made on the staffing budget. In practice, only those schools able to raise sufficient money from their communities have been able to keep up-to-date with the technological requirements and the country has been late to develop a national plan for providing all New Zealand students with fair and equal access to educational technology.

Another casualty has been the partnership between the parents and professionals envisaged by the Picot report. The hostility and suspicion generated by the constant battles over bulk funding have militated against the development of a co-operative and mutually-supportive relationship dedicated to improving education for New Zealand students.

The biggest casualty is the New Zealand education system. For all the upheaval of 11 years of reform there is no evidence of improved educational outcomes and good reason to suspect policies such as self-management; bulk funding and the abolition of zoning have polarised New Zealand schools.¹⁰⁷ Per-pupil funding regimes have tended to reward larger schools which in turn tend to be high decile schools. In effect, there has been a transfer of resources - staffing and property, as well as funding - from poor communities to wealthy ones.

The relentless obsession with bulk funding at the expense of teaching and learning has not only been harmful for education but also debilitating and destructive of teachers' professional commitment. The era of "contractualism" ushered in and supported by bulk-funding has effectively

squeezed goodwill out of the service. If it were the case that a future government decided to unleash another round of financial and administrative reforms on schools, it is likely that many teachers, rather than staying to fight it out again, will simply walk away from the profession.

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