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Abstract:

Beginning in 1987, New Zealand radically overhauled its system of education. Before this time, New Zealand operated a more traditional and centralized system, which was controlled by the Department of Education. In 1989, Tomorrow's Schools Reform was established and the Department of Education was disbanded. By 1991, New Zealand had moved to a market-based system of education, where parents could choose their child's school, encouraging competition between schools for students. A smaller Ministry of Education was established to set National Guidelines and distribute funds to the schools. However, each primary and secondary school was controlled by a locally elected board of trustees, who are responsible for managing the school. This research is based on past and current literature regarding Tomorrow's Schools Reform. The first section describes the background and history, which led to the formation of a new education system. The second section analyses how New Zealand finances and regulates the schools, as well as the support services needed for the schools to function. The final part of the paper applies the previously mentioned framework and evaluates the system based on choice, social cohesion, equity and productive efficiency.

The Shift to School Choice in New Zealand

Introduction

New Zealand is the size of a medium-sized American state, with approximately 4.1 million people. It is similar to the United States in terms of its social, cultural and political contexts. There is a wealthier population of Pakeha¹, while the native Maori population has struggled to keep up. In addition, Pacific Islanders have settled in the poorer sections of South Auckland.²

The educational system in New Zealand is considered by many to be an example of a large-scale introduction of school choice and competition amongst schools because since 1991, children have had the option to go to any school that accepts them. Proponents of school choice believe that the school reforms in New Zealand have led to higher school achievements and lower operating costs. However, those who oppose the reforms argue that the changes in New Zealand have led to further separation between the rich and poor, Europeans and indigenous Maori and Pacific Islanders.

New Zealand: History of School Choice

New Zealand, is a relatively young country, only gaining full independence from Great Britain in 1947. The two countries maintained a close economic relationship following independence that led to prosperity in New Zealand. Gradually, beginning in

¹ In New Zealand, the Pakeha are of European decent. They make up approximately 80% of the population.

² Otara and Mangere are the two cities in particular.

the 1970s, as Britain's focus turned toward the European Economic Community, New Zealand's economy, which had relied on Great Britain began to suffer (Fisk and Ladd, 2000a, p. 16-17). Prior to the formation of the European Union, the Commonwealth countries were given economic preference in trade with Great Britain. Up until that time, New Zealand had been a strong proponent of developing the welfare state with programs run out of the government in Wellington. The loss of income from Great Britain, combined with the global economic difficulties in the late 1970s, and the stock market crash in 1987 further exasperated the financial situation in New Zealand (Fiske and Ladd, 2000a, p. 26-27). The government was now required to change how it funded its social programs, such as education and healthcare.

In 1987, under the leadership of Prime Minister David Lange and the Labour Party, a businessman named Brian Picot³ was hired to review the way schools were administered (Fiske and Ladd, 2000a, p. 40 & Harrison, p. 2). After their review, the Picot Task Force found numerous problems with the state of the education system. The major concern of the Task Force was that decisions were not made by the individual schools, but by the Department of Education. Schools were not responding to parents' needs and concerns, and the overall system was inadequately managed (Harrison, p. 2). Mr. Picot and his task force came to the conclusion that simply reforming the educational system in New Zealand would only create new problems, so instead the group decided that more of a radical change and restructuring was necessary (Fiske and Ladd, 2000a, p. 41).

³ Prior to being named to the Task Force, Picot was known as a successful businessman who had a chain of supermarkets throughout New Zealand.

As a result of the Picot Report, the Education Act 1989 was implemented. New Zealand made distinct changes to the structure of its educational system. The Department of Education, which was the central authority for the New Zealand schools, was virtually disbanded (Fiske and Ladd, 2000a, p.35). Educational responsibility was then transferred to what is known as Tomorrow's Schools reform. The initial changes called for a smaller Ministry of Education (Fiske and Ladd, 2003, p. 100). Each primary and secondary school was turned over to a locally elected board of trustees. Parents of students and community representatives constituted the board of trustees. The goal of this change was to get feedback from the community, promote community interest in the local schools and provide additional support to the principal (Fiske and Ladd, 2000a, p. 37 & Fiske and Ladd, 2000b, p. 1). The boards were also responsible for working with the principal, teachers and staff and members of the community to write a school charter for each school (Harrison, p. 2). The school charter outlines the goals for the students and the mission of the school. It also acts as a contract between school, state and community (Harrison, p. 2).

In 1990, a new government led by the center-right, National Party, came into power. Within a year, the new Prime Minister, James Bolger and his minister of education, Lockwood Smith introduced the Education Amendment Act of 1991 which abolished enrollment zones for schools. Parents now had the right to choose the school for their children. Schools no longer had guaranteed enrollments; instead they had to compete for students. Admissions policies were also changed.

If the school had an open slot, it had to accept the student. In the case that a school had more applicants than places, however, it had the right to design their own plan

for accepting students – also known as an “enrollment schemes”. Schools had few limitations when designing their enrollment schemes. One being, that they could not violate the Human Rights Act⁴ or discriminate against students. This legislation changed the structure of education in New Zealand. For the first time, students were not guaranteed admission into their local school (Fiske and Ladd, 2000a, p. 57-58).

Another reform that came with the new Education Act, and is still an issue today, is the teacher salaries. Each school was to receive bulk funding for teachers’ salaries, as well as, for operating grants (Harrison, p.2). The salary structure remained controlled by the central government.

State Integrated Schools

State integrated schools are privately owned schools that have since become a part of the state system. The integrated schools joined the state system in 1975, at a time when the Catholic school system was having financial difficulties (LaRocque, p.2). The government and the church leaders came to an agreement that the state would fully fund these schools and the schools would continue to own their school buildings. These schools are allowed, by the ministry to keep their unique character, which usually tends to be a religious commitment. Integrated schools, however, must follow the national curriculum set by the Ministry and are held under many of the same regulations as the state schools. In 2003, it was estimated that roughly ten percent of New Zealand’s students attend integrated schools (LaRocque, p. 2).

Decile Ranking System

⁴ The Human Rights Act is an act of the Parliament to provide better protection of human rights in New Zealand. It specifically prohibits discrimination.

In 1995, the Ministry of Education set up a system that classifies schools by deciles. The original reason for this was to easily identify the schools that needed more money due to the number of disadvantaged students in the school. The decile ranking system was created to help the ministry distribute money to these schools by ranking them based on six criteria (Fiske and Ladd, 2000a, p. 80-81). The first was the ethnic mix of students in a school. The schools were given a ranking based on the proportion of students who were either Maori or Pacific Islander. Schools are also ranked based on five socioeconomic factors. These include, the number of households in the bottom portion of the income distribution, the percentage of parents who did not pass a school certification exam, the percentage of parents who receive financial support, the percentage of parents who hold lower-waged occupations and the average number of people per bedroom (Fiske and Ladd, 2000a, p. 80–83).

Each criterion was given a ranking from one to ten. In addition, each of the 2,700 schools in New Zealand was given an overall decile ranking (Fiske and Ladd, 2000a, p.81). A ranking of one was the lowest and ten, the highest. Surprisingly, there are more decile ten schools than decile one schools. Decile ten schools tend to be located in urban areas, instead of rural areas. When looking at the decile one schools in Auckland, Christchurch and Wellington, 85% of students in these schools are either Maori or Pacific Islander (Fiske and Ladd, 2000a, p.81).

Finance of Tomorrow's Schools

There was no question that the government would continue to fund primary and secondary education. However, the Picot Task Force believed that each school should be able to decide how it allocates its own resources. Under this plan, each school receives

two bulk grants from the Ministry. One component is for teachers' salaries and the other is for the school's operating expenses.

The number of teachers working in a school depends on the number of students attending the school. Schools have the power to hire the teachers that fit into their profile, however the pay scale is set by the national salary schedule, which is agreed upon by the teachers' unions and the government (Fiske and Ladd, 2000a, p. 140-141). Teachers were not pleased with the decision to let the school to pay their salaries. Many veteran teachers were concerned that younger, less experienced teachers would replace them because they could be hired for less than the veteran teachers (Fiske and Ladd, 2000a, p. 141). The Ministry decided that each school would receive a certain amount of money to pay its teaching staff (Woodfield and Gunby, 2003, p. 877). This money must be used and cannot be carried over or banked. The senior teachers were happy with this compromise because there was not an incentive for the school to replace them.

Each school receives a second lump sum of money for its operating expenses – this is known as the Operations Grant (Fiske and Ladd, 2000a, p. 141-142). This money can be used to provide funding for all other components of running a school – this includes school maintenance, electricity bills, swing sets and playgrounds, books for the staff and the students and also paying additional staff, such as aides and the administrative staff. There is not a set amount of money that each school receives to cover its operating expenses. The amount of money a school is given depends on student enrollment, the size of the school property and the number of minority students who are a part of the language programs (Fiske and Ladd, 2000a, p. 141-144).

Schools have the ability to raise additional funds on their own to supplement the money they receive from the government. One way schools do this is by charging student fees. Tuition for a New Zealand education continues to be free, even under Tomorrow's Schools Reform (Fiske and Ladd, 2000a, p. 138-139). Schools, however, can list a fee that parents are asked to pay when they enroll their children to cover "additional expenses". These fees are not mandatory for families, and they are adjusted if a family has more than one child attending a school. The fees range from NZ \$15⁵, for lower-income schools to higher than NZ \$500 for wealthier schools (Fiske and Ladd, 2000a, p. 83). Typically the money raised from student fees is used to pay for computers, teacher aides, additional student activities and other worthy programs.

A second way that schools have been able to raise money is through school-based fundraising. Typically fundraising is the responsibility of the board of trustees and the principal. In lower decile ranked schools, the principal undertakes the role as the organizer for the fundraising activities. The most common forms of fundraising are the same in New Zealand as in the United States – fairs and food sales (baked goods, sausage sales, etc.). However, in their quest for supplemental funds, the New Zealand schools have become rather creative in how they raise money. Many principals for example, rent out the school facility to other community groups when school is not in session (Fiske and Ladd, 2000a, p. 83-84). Principals and boards have become very resourceful at working with corporations to donate supplies or other materials to the schools.

Many of the middle decile schools send representatives to countries in Asia and South America to recruit students to study and live in New Zealand. Students who are

⁵ At the time of writing this paper, NZ \$1.00 equaled \$0.61 USD.

recruited are classified under “Foreign – Fee Paying Students” where their families pay approximately NZ \$10,000 for room, board and school tuition (Fiske and Ladd, 2000a, p. 84-85). Many schools in New Zealand have been able to recruit over 40 foreign students, which represents a sizeable amount of money to augment their budget from the government. As mentioned earlier, the majority of foreign students attend middle decile ranked schools with diverse student populations. Many of the wealthier schools where adequate funding is less of a concern do not recruit foreign students because the principals do not feel it is worth the time and effort needed to raise money. The wealthier schools can raise money in more convenient way, such as charging fees (Fiske and Ladd, 2000a, p. 84-85).

Regulation of Tomorrow’s Schools

The Picot Task Force wanted a strong system of accountability for Tomorrow’s Schools. The school charter system for individual schools, however, was never as successful as the Task Force first envisioned. It was too vague to effectively measure accountability, and the Task Force soon realized that it needed other external measurements. The primary regulator was the Education Review Office (ERO) (Thrupp, p. 195-196). In addition, other areas that needed to be monitored to ensure schools’ success were the National Education Guidelines, and Personnel Requirements (Fiske and Ladd, 2000a, p. 113-115).

The Educational Review Office (ERO) is an independent state agency accountable to the Minister of Education. It is responsible for reviewing schools every three years, and then publishes a report on current educational issues based on its observations (Thrupp, p. 195-197). The ERO sends out a team of former teachers to each

school. The team observes classes, looks at the school's documents and records, and then publishes a final public report about the school's strengths and the weaknesses that need to be addressed (Woodfield and Gunby, p.875-876). These school reports are public documents, so the ERO has tremendous power and the capability to ruin a school's reputation if a poor review is given. Reviews tend to become more frequent if a school has a poor performance or if there are risks to the students' education and safety.

Many New Zealand academics do not trust the ERO. There is a shared feeling that the ERO has little understanding of schools that are failing (Thrupp, p. 198). The review office does not seem to take into account the notion of the student body make-up or the socioeconomic difficulties of the troubled schools surrounding community when writing their reviews assuming that everyone should be able to meet the same criteria for success, regardless of background.

The goals and objectives for New Zealand's system of education are outlined in the National Education Guidelines (NEGs). The National Guidelines have three parts: the national educational goals, the national curriculum and the national administration guidelines (Fiske and Ladd, 2000a, p. 113).

After the changes enacted by the Picot Task Force, the Ministry of Education outlined the national educational goals to be, "high achievement for all students, equality for educational opportunity, and development of the knowledge and skills needed by New Zealanders to compete successfully in the 'modern, ever-changing world.'" (Fiske and Ladd, 2000a, p. 113). The ministry also called for the advancement of Maori education, as well as establishing administrative guidelines to set the responsibilities for the local boards of trustees (Fiske and Ladd, 2000a, p. 113). Despite considerable

latitude being given to the boards of trustees, the administrative guidelines covered all areas of education, including student achievement, employment, personnel matters, finance and property issues and “provision of a safe physical and emotional environment for students” (Fiske and Ladd, 2000a, p. 113).

The new National Curriculum goals were purposely broad, allowing individual schools greater flexibility in designing their curriculum. It marked its significant change from previous national curriculum standards, which set out more explicit operational goals, which schools were required to follow. The new curriculum focused on seven subject areas: languages, mathematics, science, technology, social sciences, the arts, and health and physical well-being (Fiske and Ladd, 2000a, p.114). In keeping with the objectives of decentralization, individual schools were still allowed to “creatively redefine each curriculum area” (Fiske and Ladd, 2000a, p. 114).

Recognizing student achievement in New Zealand is complicated. New Zealand does not have a nationwide testing system and is hesitant to implement one, especially at the elementary level (Fiske and Ladd, 2000a, p. 127-128 & Fiske and Ladd, 2000b, p.1). Under half of the elementary schools administer a ministry-sponsored progressive achievement test to see their students’ strengths and weaknesses. This test is not mandatory and the scores are not reported to the ministry. Therefore, judging a change in student performance after implementing Tomorrow’s Schools is difficult. The idea of mandatory national tests has been a source of serious discussion, especially by political parties. The government, however, has been reluctant to introduce a form of national testing, for fear that the results will only enlarge the movement from low-decile to high-decile schools (Fiske and Ladd, 2000a, p. 128-129). Currently, the national tests that

existed for a longer time period, have been administered at a school-leaving age, but these tests are not mandatory. This, however, has slowly started to change. Students must sit for school certificate exams, which are typically taken at age 16. There are also exams for students who want a higher certificate, which are administered at age 17 and finally the bursary or scholarship exams that are given to students who plan on attending university. The bursary exam is offered by subject area (Fiske and Ladd, 2000a, p. 127-128).

Internationally, New Zealand students were among the top performers. According to the Program for International Student Assessment (PISA), New Zealand scored in the top ten in 2006 (Organisation for Economic Co-operation and Development, 2009). Despite some success with the PISA, New Zealand's students fared slightly below average on the Trends in International Mathematics and Science Study (TIMSS) (Trends in International Mathematics and Science Study, 2007).

Personnel guidelines are administered by the New Zealand Teacher's Council (NZTC). First introduced in 1990, New Zealand teachers must meet minimum standards in order to register with the NZTC. Not unlike American State Departments of Education, which require teacher certifications, the NZTC acts as a gatekeeper establishing necessary minimums to become a teacher (New Zealand Teachers Council). The NZTC, to which registration was made compulsory in 1996, provides assurance to boards of trustees, principals and parents that the teachers are qualified. Principals have the liberty to hire qualified teachers who fit the needs of their schools.

Support Services

An often hidden cost of education comes from the support services, like transportation, special needs education and promoting the school.

Transportation:

Transportation in New Zealand is more complicated than many other countries because of the school choice system. Children from a single neighborhood can go to a number of different schools, so the government does not provide much, if any organized transportation (Wylie, p. 3 & Land Transport NZ). Limited transportation subsidies are available for students who do not have easy access to public transportation. Although it seems that the subsidies should be designed to help lower income students, in practice, they have generally gone to more affluent students who live in more affluent, low-density neighborhoods where public transportation is less available.

More recently, in response to the growing number of students who are being driven to school, Land Transport New Zealand has started a new initiative called Walking School Buses. The idea is that each bus has a parent as the “driver” and walks along a set route to school, picking up children living in the area on the way (Walking School Bus). There is a set time that the “bus” will “drive” by and pick up the children. This program was designed to save money on transportation costs, and also importantly, to get children moving and to develop a sense of comradery between the children. It seems to be very community driven, which is the theme of Tomorrow’s Schools.

Marketing the School:

Since school zoning was eliminated and parents and students have had a choice in which school to attend, schools have been thrown into an educational marketplace where

they must become aggressive marketers of their schools and programs. Considerable energy is spent marketing the schools, especially in urban areas, where more competition exists (Fiske and Ladd, 2000a, p. 215-216). It has become the norm for both primary and secondary schools to hold Open Evenings for potential students and parents (Fiske and Ladd, 2000a, p. 213). One of the principal's primary responsibilities has become distributing information about the school to parents and students in the community. Promotional brochures are used by the vast majority of schools. These can range from simple flyers to very intricate viewbooks with color pictures and glossy paper (Fiske and Ladd, 2000a, p. 213). These are similar to the informational brochures used by American universities (Fiske and Ladd, 2000a, p. 210 – 215). Some schools have gone as far as advertising on the television, while other principals have walked from door-to-door in communities to spread the word of their school (Fiske and Ladd, 2000a, p. 213-215). Principals and school boards have become very conscious of the way parents and students view their school. Principals are generally aware of the needs of their clientele and have made an effort to achieve and improve the quality of the education that they provide to satisfy these needs.

Special Education:

New Zealand's philosophy on educating students with special needs is that these children should be as integrated as much as possible into the regular classroom. It is illegal for schools to turn away children with special needs (Fiske and Ladd, 2000a, p. 145-146). However, this has not stopped principals from limiting access to their school by encouraging parents of children with special needs to send their child to other schools. It is more costly for a school to educate children with special needs, and many schools do

not wish to expend more of their scarce resources. In order for the government to maintain its goal of inclusion, it began the policy, New Zealand 2000. This is a funding program designed for two categories of students. The first, is to give additional funding to schools for students with moderate special needs, and the second, is to give aid to schools for students with severe needs.

Another program that was established to help students is Alternative Education (AE). This is a government funded program that began in 1997 to help students between ages 13 to 15 who have been alienated from the school system. Students who participate in the program “are re-enrolled at a school and attend an associated AE programme that may be on or off the school site” (ERO Alternative Education Report, Wellington, 2004, p.1). The goal of Alternative Education is to help the students participating in the program to return to the mainstream education system or a job at the appropriate age. Students may stay in the AE program until the end of the year that they reach age 16. The government funds the schools, which these students attend. The school receives NZ\$11,100 per place (ERO Alternative Education Report, Wellington, 2004, p. 1 & LaRocque, p. 4). This money covers the costs of teachers and staff, operations and property.

Evaluation Criteria and Results

In order to evaluate the success of New Zealand’s Tomorrow’s School reform, it is important to analyze the program using four criteria: freedom of choice, productive efficiency, equity and social cohesion.

Freedom of Choice Criteria:

An educational program, which concentrates on freedom of choice, is one where parents and students have the option of any type of school or method of teaching. In this system, families would have the opportunity to choose a school that meets their values and educational goals, as well as, their religious and political beliefs (Levin, 2002, p. 12). There are three areas to best analyze freedom of choice in New Zealand. These include accessibility and admission requirements for schools, Maori and Pacific Islander education, and educating low-income students.

Freedom of Choice Results:

Tomorrow's Schools expanded household choices of where children could be educated. By 1991, the right to attend a neighborhood school was eliminated and replaced with the right for a student to attend the school of his/her choice. With this new found right to choose, parents felt it was in their best interest to "shop around" for different school choices and select the one that met their family's needs. As mentioned earlier, state schools must accept all students who apply. However, the freedom to choose breaks down once the school reaches its operating capacity.

The number of students allotted to a particular school is negotiated by the school and the Ministry of Education. Once a school is at its full capacity, enrollment schemes are used by the schools to help them select among the applicants. The ministry does not restrict the schools schemes nor do they need to approve the school's plan (Fiske and Ladd, 2000a, p. 182). Most enrollment schemes are similar. First, students are accepted based on their location, followed by preference to students with siblings currently attending the school, and finally children of staff and current students. Though these regulations are publically available, many schools set rules that allow the principal to

hand-select the students that he/she wants to attend his/her school (Fiske and Ladd, 2000a, p. 182). This selective process transfers choice from the families to the boards of trustees and the administrative staff at the schools.

The decile ranking system, which ranks school supposedly to identify those with the greatest needs has had some unintended consequences. Although originally designed for use by the Ministry of Education to help allocate resources, the publically available rankings have been used by parents to move their children to higher ranked decile schools (Fiske and Ladd, 2000b, p. 2-3). As a result, poorer students and minority students, whose families do not have the ability to move them to a new school, tend to be concentrated in lower performing schools. Therefore while upper income New Zealanders have seen an increase in their freedom of choice, that freedom has not trickled down to the lower income families.

The Maori and Pacific Islanders are further behind the Europeans in terms of income and education attainment (Fiske and Ladd, 2000a, p. 189-191). Many of the higher decile schools ask for parents to pay fees. The Maori and Pacific Islanders cannot afford to pay the additional costs and therefore are left out of higher ranked schools. It was documented that “about 85% of students in decile one schools in the three urban areas are Maori or Pacific Islander” (Fiske and Ladd, 2000a, p. 81). Despite these statistics, even Maori and Pacific Islanders who have the financial ability left decile one schools for higher ranked schools (Fiske and Ladd, 2000a, p. 189).

One advantage for the Maori due to the Tomorrow’s Schools has been the establishment of schools run by and for Maori, but funded by the government. Some Maori parents prefer these schools because there is more of a regard for the Maori

language and culture. The ministry has been supportive of these schools and has encouraged the development of Maori secondary schools (Gaffney and Smith, p. 163-164).

In 1998, the Maori Enhanced Targeted Individual Entitlement program was established. The program started to help increase the Maori's academic achievement. Priority was given to students in rural areas, who did not have access to a variety of educational opportunities. The students who participated had to be Maori and would attend a school with a strong Maori Language and Culture Program. The Ministry had 130 available places and received 3,400 applications (Gaffney and Smith, p. 164). The money provided was added to what the schools were already receiving for educating the Maori. The program seemed to be successful; however, since its implementation, a new government has taken power and the future funding of the program is questionable (Gaffney and Smith, p. 164).

New Zealand does have a small-scale voucher system as well. In 1996, the Targeted Individual Entitlement (TIE) program was introduced. It was designed as a three-year pilot program. The purpose of TIE was to support low-income students and extend parental choice to the private schools (Gaffney and Smith, p. 151-152). TIE was created to help give additional choices to students who had limited school options as well as to increase the achievement among low-income families.

At this time, New Zealand had 127 private schools, the Ministry selected 23 to participate in the program. The schools were diverse in enrollment and curriculum. A number of the participating schools were all-boys, others were all-girls school and there were a few Christian school involved in the scheme. It was agreed that the schools would

select the students to attend their schools, however it was required that all students have an equal chance. Selection was not to be based solely on academic achievement. The government funded 160 students per year to attend a private school. The schools received 110% of the average cost of a state school education for each TIE student enrolled in their school (Gaffney and Smith, p. 151). The TIE program also gave financial support to the families to cover the non-tuition costs. This amount was about NZ \$900 per family.

TIE was a success for these families. Parents and students were highly satisfied with the level of education at the private schools. In addition, the teachers and principals at the participating private schools enjoyed being a part of the TIE program. They felt that both the students and the schools benefited from the involvement with TIE. Though the results were positive for the participating students, with the election of a Labour Government in November 1999, the program came to an end in 2000 (Gaffney and Smith, 2001, p. 163). Efforts have been made to reintroduce the TIE, but the bill, proposed by the Liberals, has failed to make it past the first reading in Parliament (Targeted Individual Entitlement Scheme Bill, 2000). Proponents argue that increased school choice will improve the educational opportunities for both poorer and minority families. The evidence from New Zealand demonstrates the contrary. The results show, that it is usually students from more advantaged families that benefit from increased school choice.

Social Cohesion Criteria:

One goal of education is to prepare students to become active participants in society. Many scholars believe that a common educational experience will strengthen

social cohesion among students with different backgrounds. In New Zealand, the most obvious benchmark would be the success at integrating European, Maori and Pacific Island students. Additionally, the ability to develop local community involvement will also be considered.

Social Cohesion Results:

The make up of the student body directly affects the learning that takes place in the classroom. Students bring their own cultural backgrounds, as well as their academic ability into the classroom (Fiske and Ladd, 2001, p. 57-58). This blending requires the students to interact with others who are not exactly like them.

There is an inherent contradiction within the Tomorrow's Schools Reform with regards to Maori education. One policy objective for the government has been to integrate the Maori into the state school system, at the same time, the government is actively promoting schools that focus on Maori language and culture (Harrison, p. 89). The development of these Maori schools has led to some improvement in achievement, but at the cost of further segregating the Maori from the European White population (Harrison, 2004, p. 89).

Furthermore, the decile system has increased separation of ethnic groups. The poorer Pacific Islander and Maori populations have been unable to afford the student fees associated with the higher ranked schools. Therefore, a high percentage of these groups' children have fallen behind because they remain in decile one and two schools (Harrison, p. 100-101).

A positive aspect of the reform has been the strengthening of the school community itself. The Picot Task Force wanted parents and the community involved in

the New Zealand educational system. School boards of trustees and the drafting of school charters represent ways in which the government included the community. The idea behind the school charter is that it would “act as a contract between the community and the institution and the institution and the state.” (Fiske and Ladd, 2000a, p. 50). Boards of trustees included parents and members of the community without children attending the school. Both groups were given an active role in the management of the school. Programs such as the Walking School Bus have also strengthened the community of the individual school.

To ensure that the community was kept abreast of school changes and decisions, the Task Force set up Community Forums (Fiske and Ladd, 2000a, p. 50-51). At this time, the educational views of the local community were expressed and discussed. Many different issues were discussed at the forums, including, assessments, school finances and also course offerings. Equity focuses on both admissions policies of stronger performing schools as well as the ability of those schools to retain children of lower income families or different ethnic backgrounds.

Equity Criteria:

Unlike social cohesion, equity focuses primarily on equal access to education for all students regardless of economic or cultural background. Equity is subjective because people will have different notions about what is equitable. Generally, however, success is measured by analyzing how difficult it is for students from disadvantaged backgrounds to enter the best schools.

Equity Results:

In an ideal situation, Tomorrow's Schools would allow all families to have access to any school of their choice. For this situation to happen, each family in New Zealand would need the necessary financial resources to afford the school of their choice, and the family would need to receive information about many different schools in order to make an informed decision. Most importantly, the school would have to admit the child.

The enrollment schemes of the higher-decile schools have tended to favor the upper class. Research has shown that in circumstances where academic achievement may be similar, higher decile schools still tend to admit the more privileged child (Fiske and Ladd, 2001, p. 57-58). As a result, it is still difficult for lower income children to enter higher ranked schools.

In New Zealand, the choice system for education is not as fitting for low-income families as it is for more privileged families. Higher-decile schools charge student fees. Though these fees are not mandatory and have the ability to be waived, there is a social-stigma attached to those who seek a waiver, and many lower income families prefer not to ask (Fiske and Ladd, 2000a, p. 208). Also, many of the higher decile schools have additional charges, such as for field trips and extra-curricular activities that are not covered by the initial fee.

Transportation is another difficulty for lower income families. The government provides little, if any, financial assistance for students in urban areas commuting to schools outside their enrollment zone. The government assumes that families have access to public transportation and does not take into consideration those families with limited incomes (Fiske and Ladd, 2000a, p. 208-209). Many higher income families have

vehicles at their disposal, therefore, attending a school outside their neighborhood is not a concern.

Productive Efficiency Criteria:

Productive efficiency is determined by analyzing how well a school system uses its resources to effectively educate the students. It is important, however, not to confuse efficient allocation of resources with absolute lowest cost. Productive efficiency should be measured by looking at school expenditures and balancing it against student academic achievement. However, in a choice system, such as in New Zealand, productive efficiency can be best observed by comparing successful and unsuccessful schools.

Productive Efficiency Results:

Even in New Zealand's decentralized system, state schools still rely on the government for funding. Before the new legislation was passed in 1989, the Department of Education was the chief authority on the school operations (Fiske and Ladd, 2000a, p. 22-24). The Department of Education was responsible for the operational costs of the schools, the teachers' salaries and maintaining the schools' property (Fiske and Ladd, 2000a, p.31-33). Once the Department of Education was dissolved, there was a shift in the funding of schools to give individual schools the right to manage their own funds. This shift in financing has been both beneficial and efficient for the classroom. Under the old system, the Department of Education kept 70% of the education budget and allotted only 30% to the schools. Under the new reforms, however, these percentages have reversed.

Under the Tomorrow's School Reform, schools received bulk funding for teachers' salaries and school operations and the boards of trustees and administration

from each school were charged with allocating those funds (Fiske and Ladd, 2000a, p. 30-33). This eliminated a significant weakness of the system under the Department of Education where schools would be sent random supplies that they had not requested nor did they need.

One of the original criticisms of the Tomorrow's School reform came from teachers and unions concerned that the abolition of a centralized school system would lead to significant reductions in salary and thus, the more senior teachers would leave the profession. In fact, this may have been one of the objectives of the government, which viewed a centralized teachers' union as an impediment to improving efficiency in education. The government argued that a central bargaining system at the national level prevented individual schools from setting their own pay scales and attracting the best teachers for their schools (Fiske and Ladd, 2000a, p. 160-164). In effect, the Tomorrow's Schools did not fully succeed in relinquishing control over teachers' salaries. As part of a compromise to pass further legislation, the government was forced to accept that they would not be able to fully implement bulk funding of teachers' salaries. While the government may argue that this had a negative effect on the quality of education, others believe that had bulk funding been implemented, even greater differences would be seen between decile one and decile ten schools. In this way, the centralized pay structure is an efficient model for ensuring equal distribution of quality teachers.

Under Tomorrow's School reform, a system of competition was introduced into the educational sector. In 1997, schools were analyzed and put into one of three categories: successful, unclear and unsuccessful (Fiske and Ladd, 2000a, p. 227-231).

The most obvious to distinguish are successful schools. These are schools that were typically doing well under the Department of Education and have continued to prosper under the new reforms (Fiske and Ladd, 2001, p. 58-59). Successful schools have an established enrollment scheme and a list of families waiting for their children to be granted admission. Though these schools have achieved success in the educational marketplace. There is only limited correlation with operating efficiently because some of these schools do not always have the best educational programs, nor do they necessarily spend their resources in the best manner. Many principals have expressed concern that the Ministry's objective focuses solely on increasing enrollment and not necessarily doing what is in the children's best interest (Fiske and Ladd, 2000a, p. 238-239).

There is little demand for schools classified as unclear or unsuccessful. As a result, there is no waiting list, and, therefore, no enrollment scheme has been created. The difference between the two categories is that unclear schools experienced either a positive or negative change in enrollment by less than five percent (Fiske and Ladd, 2000a, p. 227-228). Whereas, unsuccessful schools had enrollments that dropped more than five percent (Fiske and Ladd, 2000a, p. 227-228). Many of the schools deemed unsuccessful had enrollments that dropped by more than 20 percent. Whereas the successful schools have figured out how to operate in a competitive market, these other schools are struggling to adapt to the new realities of competition. That being said, information is inconclusive as to whether or not this is a result of operating inefficiently.

Student achievement is difficult to analyze because New Zealand has been reluctant to implement a national testing scheme, especially at the primary level. In addition, without a strong database of prior results from before the implementation of

Tomorrow's Schools, there is little to compare with current results (Fiske and Ladd, 2000a, p. 20). At the secondary level, however, there remains a significant problem with a high school graduation rate that the Tomorrow's School program has only marginally improved. In 2002, the Ministry of Education began providing new professional development for teachers to help identify where both primary and secondary students need help. The added support has benefited the primary students more than secondary students and overall retention rates are beginning to improve (Wylie, 2007, p.2).

Conclusion

The New Zealand education reform is one of the more extreme versions of choice. It combines the market-based solutions preferred by Milton Friedman while remaining public and under the funding umbrella of a state school system. At the most basic level, Tomorrow's School reform has been a success because parents like it. Although Tomorrow's Schools have not been as successful at integrating students with different backgrounds as hoped, there has been an improvement in the educational opportunities for the Maori and Pacific Islander populations. Additionally, a strong sense of community within the schools has been developed much more than it was under the old regime. Finally, future New Zealand governments, both left and right, are interested in pursuing it further and not returning to the old state central system.

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