



# TO MARKET, TO MARKET PRIVATISING STATE EDUCATION

**Privatisation is the catch cry of Australian governments but many voters are surprised that privatisation could be applied to state education. Their reaction to the suggestion that education should become part of the marketplace is to say that it is simply not possible.**

However, according to economic rationalist theory a school is also a service and a consumer of services and thus the provision of education would be rapidly improved if it was subjected to competition and market forces.

## FAITH IN COMPETITION

Support for the competitive ideal exists at all levels of government and in the two major parties. It was the basis of the Hilmer Report's significant recommendations and is now the common attitude of any report dealing with government services. For instance, the Industry Commission can't conceive of any other attitude.

*The key question the Commission has addressed in this inquiry is how governments can best deliver quality services and give value for money to the community . . . Competitive tendering and contracting (CTC) is about helping public sector managers get best value for money by ensuring that the best provider is chosen for the task at hand . . .*

Industry commission. Draft Report. Competitive Tendering And Contracting By Public Sector Agencies. Overview. October, 1995.

Hand in hand with privatisation is the failure of governments to invest in school education. This at a time when universal education to tertiary level has been the aim of almost all OECD countries.

### Per centage change in school education spending per capita by State 1991/92 to 1994/95 at 94/95 dollars.

Vic	NSW	Qld	SA	WA	Tas	ACT	NT
-16.9	0.8	1.3	0.0	1.4	2.8	-1.9	-1.5

*Commonwealth Grants Commission 1996*

Australia spends the least on schools of the eighteen OECD countries and considerably less than the OECD average. As a nation we need to spend \$2 billion more just to achieve the average.

## WHO, WHAT WHY?

State governments have reacted to the competitive ideal with varying degrees of enthusiasm but they are all pushing ahead. Behind seemingly non-controversial ideas like school self-management and local decision-making, private companies have been awarded contracts for:

- C canteen management
- C school cleaning
- C developing curriculum materials
- C providing curriculum support
- C financial auditing
- C human resource management
- C industrial relations
- C maintenance services
- C occupational health and safety
- C payroll management
- C professional development
- C replacement teachers
- C stores and equipment

and the list is not exhaustive.

Not only are governments tendering such services to the private sector but privatisation has also meant that large amounts of public money have been paid to private sector consultants to manage the process. The consultants include international giants such as Coopers & Lybrand. They would not be interested unless large profits were assured. Even if a government agency successfully tenders for the contract the process is still effectively privatised.

Information on the deals is scanty because they are treated as 'commercial in confidence' by the governments concerned even though public money is the ultimate source of the profits. In Victoria, for instance, taxpayers paid one international company more than half a million dollars for advice on reorganising the state education system. The consultants are also 'pro-active'. In South Australia, the SERCO Group, a British multi-national, proposed to the Education Department the outsourcing of all school administration services. The proposal was eventually rejected as a result of strong teacher union and community opposition.

If the USA is any example other approaches can be expected from private companies. In Baltimore, one company won a contract from the city to manage a substantial part of its school system ! though latest reports suggest the scheme has been a failure.

### SELF-MANAGING SCHOOLS

The self-managing school is at the centre of the hopes of the privateers. They hold as a matter of faith that a centralised system is the opposite of competition and inherently bureaucratic and unresponsive. Rather than a system there should be only independent schools responsible for their own success or failure.

They believe that:

- C schools should have total control of their budget
- C hiring and firing of staff should be up to the principal
- C schools should compete with each other for enrolments
- C a successful school will attract students and ensure its own survival
- C schools that are unsuccessful should be closed.

In reality, the self-managing school is used by governments as a means of deflecting any criticism of their education resource policies. Quoting dubious comparative statistics governments deny any lack of resources and blame the management of the individual school for perceived shortfalls.

### MAKING UP THE SHORTFALL

It is one thing to talk in theory about school self-management, privatisation and saving money but the reality in each school is that it means smaller budgets, fewer teachers and bigger classes. To maintain their programs schools have to attract students and money.

**Enrolments.** Competition rather than cooperation is becoming the basis of the relationship between state schools. Maintaining enrolments is seen as the key to success and school budgets now include a sizable public relations allocation. Most schools produce glossy pamphlets and booklets, advertise in local and state newspapers and seek any other available publicity in an attempt to impress parents.

**Fees.** Most schools have had to substantially increase student fees. A study by the Uni. of NSW found that parent contributions made up 27% of the essential operating costs of schools across Australia. A Monash University study by Dr Tony Townsend found that almost one third of Victorian school running costs were met by parent contributions. Free public education is a myth.

**Sponsorship.** Privatisation has also meant that private companies are encouraged to sponsor education programs or individual schools. Many have taken advantage of the opportunity. McDonald's paid \$800,000 to sponsor school sport in NSW for three years. Coles Myer and Apple Computers provided computers to schools in exchange for supermarket receipts collected by students. Pizza Hut introduced a pizzas for literacy scheme. Many schools have been forced to approach their local businesses seeking sponsorship support.

### COMMUNITY REACTION

The community is still coming to terms with the changes to schools but all indications are that opposition to privatisation and cost-cutting is increasing. The Victorian Foundation commissioned Newspoll Market Research to survey 300 Victorian parents with at least one child in a government school. 65.8% believed that the state government did not provide enough funding. 72.4% believed that parents should not have to pay for basic school resources such as computers and stationary. 74.1% believed that smaller classes would benefit their children.

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