

# The growing class divide in New Zealand's education system

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10 March 2005

When students entered New Zealand schools and universities in February for the new academic year, they did so under conditions of a deepening crisis of the public education system. The pervasive imposition of “user pays” at every level of education has created growing financial burdens for parents and widening class disparities in the type of education available for students.

Public education in New Zealand was once upheld as a basic social right and widely regarded as a mechanism for ensuring at least a measure of social equality. The touchstone of education policy was established by Clarence Beeby, director of education from 1940, when he was appointed by the first Labour Government. In a statement prepared for Labour prime minister Peter Fraser, he wrote; “every person, whatever his level of academic ability, whether he be rich or poor, whether he live in town or country, has a right, as a citizen, to a free education of the kind for which he is best fitted and to the fullest extent of his powers.”

The reality proved to be somewhat different as educational opportunity was always stacked against the working class. In New Zealand, this meant that working class families, particularly Maori and Pacific Island students from among the most oppressed sections, have always featured disproportionately in figures relating to educational disadvantage. Despite the limitations, however, the availability of public education reflected a certain social advance, compared to the lack of opportunities prior to World War II.

Over the last two decades, there has been a sharp reversal. Beeby's dictum about the right to free education suited to individual needs is now honoured only in the breach. Public education at all levels has been starved of funds and run down to such an extent that students and their families face significant costs. Labour bears the chief responsibility. The present education policies were initiated by the Lange-Douglas Labour government in the late 1980s, and then extended by subsequent National Party and Labour governments.

Under the “Tomorrow's Schools” and “Learning for Life” programs, the free-market model was imposed at every level of education. Elected governing bodies were modelled on private sector boards responsible for fiscal oversight. Principals were turned into CEOs accountable for financial performance and the delivery of measurable educational “outcomes”, which were often decided by Treasury. In the tertiary sector, Labour ceased to fund the full cost of courses, and in 1990, introduced a flat \$1,250 tuition fee. Universal student allowances were abolished.

Over the last 15 years, successive governments have cut education funding, forcing individual institutions to make up the shortfall. The burden has increasingly fallen on parents in the form of charges and fundraising, resulting in a widening gulf between “rich” and “poor” schools. In the struggle for funds, schools in wealthier areas have far more leverage than those serving working class areas.

Figures released last month suggest that parents of a child entering the public education system this year face costs totalling more than \$NZ60,000 (\$US44,574)—more than twice the average annual wage—up to

the completion of a university degree. A survey by the Australian Scholarships Group (ASG) showed that a typical five-year program in a state secondary school costs around \$10,000 for materials, school “donations”, uniforms and associated charges. The figure rises to over \$18,000 for state-integrated schools, which are fee-paying religious schools subsidised by the state. If parents then support a child through university, they will need another \$50,000 for a basic three-year degree.

The ASG itself is a product of this new environment. It operates as a non-profit trust in Australia and New Zealand, providing a scheme for parents wishing to save for their children's tertiary education costs. It therefore has a stake in highlighting the expected future costs of education. Nevertheless, its figures are likely to be conservative. Not included in its calculations are education costs in the primary sector, catering for students aged 5 to 12 years. The *New Zealand Herald* cited one primary school in Auckland which levies a \$400 donation per pupil per year, as well as applying a “user pays” philosophy with charges of up to \$160 in activity fees for class trips, camps and photocopying.

A three-year study of 18 schools conducted by the School Trustees Association (the umbrella organisation representing governing school boards) reported last September that schools could not continue to provide students with the current standard of education “if they relied on government funding alone”. Another study by the Council for Educational Research (CER) found some schools rely on what is euphemistically called “locally raised funds” to provide basic resources, including staffing, rather than the “extras” for which such funds were intended. There are some 3,000 teachers nationally who are paid from these funds rather than the central payroll system.

Government spokesmen claim a steady increase in overall education spending—up 13 percent in real terms since 1999—as a major step forward. As a percentage of total government expenditure, spending on education has risen from 14.4 percent a decade ago to 17.3 percent last year. These figures are misleading, however. Over the past five years, Labour has kept a lid on spending to ensure record budget surpluses—this year's is forecast at \$NZ7.4 billion. Education spending as a percentage of GDP has in fact declined over the period from 6.3 percent to 5.9 per cent.

Moreover, the increase since 1999 barely makes up for the 10 percent effective erosion of school funding over the previous decade. Nor is it enough to cover the significant new costs associated with computing technology as well as a host of new assessment systems, a new national qualifications structure and a layer of authoritarian and bureaucratic measures for school “accountability”.

Spending on compulsory schooling has fallen as a proportion of the whole, while more money has gone to private providers offering vocational and specialist programs in the post school sector. Since 1987, over 900 private training establishments (PTEs) have been created, with 234 of these currently receiving a total of \$264 million in government subsidies.

A layer of entrepreneurs has cashed in on government funding for

“second-chance education” for Maori and Pacific Islanders. The *Wananga o Aotearoa*, currently under scrutiny over allegations of financial mismanagement, is the main example. It began in the mid-1980s as a small PTE, but has since grown into a national institution catering for over 30,000 students and receiving some \$250 million annually in government funding.

The public education system—at both school and tertiary levels—is increasingly reliant on privately sourced funds. Ministry of Education figures show that locally-raised funds from all sources have steadily increased, as a proportion of the government’s operations funding to schools, to more than 12 percent of the \$900 million non-salary component of school budgets. Direct parental contributions are expected to top \$220 million this year. The CER study showed the average amount raised by school communities by their own unaided efforts is as high as \$300,000.

Specific cases include Macleans College in the affluent Auckland suburb of Howick, which raises 48 percent of its operating budget from non-government sources, including parents’ fees and charges levied on 105 foreign fee-paying students. At Meadowbank Primary School, also in Auckland, a family with four children enrolled would be required to pay up to \$1,350, even with “discounts” for multiple family members. The Seatoun School in Wellington, asks parents to pay \$320 a child, with further special activity fees of \$180 for students in years 7 and 8.

Most well-established schools in better-off areas have boosted their resources by aggressively entering the market for foreign fee-paying students. These schools are able to charge overseas students \$8,000 to \$10,000 each, with the government taking an extra \$900 levy. In 1999, there were 5,044 fee-paying international students at the secondary level; by 2003 there were 17,488. There is some evidence that the overseas student market is now in trouble, with the number of Asian students declining markedly in the last two years.

Schools in working class areas, however, have never been able to raise significant extra funding. Some are simply insolvent. More than 50 schools have begun 2005 in the hands of statutory managers. Most are in working class neighbourhoods, such as Nae Nae and Wainuiomata Colleges in Wellington, both of which have had serious budget blow-outs. The managers are moved in to oversee the school’s finances, but effectively take control of the whole range of school activities, including staffing and curriculum decisions.

Schools in the very poorest areas do not even ask for donations as few parents can afford to pay. Several years ago, a furore erupted after some schools engaged debt collection agencies to demand money from parents. The practice only stopped after the education minister was forced to clarify that “donations” were voluntary and not legally enforceable. That does not prevent schools from requiring a range of payments, including materials fees, sports fees, photocopying costs and the like.

The steady erosion of public education has had a devastating impact on students. According to a report published in December by the Ministry of Social Development, perversely titled “Opportunity for All New Zealanders”, New Zealand has one of the widest disparities in education achievement of any developed country. It showed that while the upper 17 percent of children tested in the international top 10 percent in reading benchmarks, the bottom 16 percent did not reach the lower quarter. The range of scores was wider than most other countries tested, including Sweden, England and the US.

The report drew the conclusion that New Zealand has a long “tail” of underachievement, and that the linkages between low education achievement levels and “low socio-economic status” are “stronger than in many other OECD countries.” Moreover, nearly 20 percent of students leave school without a qualification, the number of students leaving before the age of 16 is rising and progression to tertiary education remains low for working class students. Levels of school suspensions, reports of

bullying and violence, youth suicide and truancy levels are high by international standards.

Students who make it to university face some of the highest tuition fees in the world. A 2001 study by New York’s Buffalo University, reported recently in the *Sunday Star Times*, ranks New Zealand fourth in the world for fees at public tertiary institutions. The average costs are higher than at similar public institutions in Australia, the US and the UK. By comparison, many countries, including Germany and Sweden, do not charge fees.

The situation is getting worse. Despite a policy restricting annual fee increases to less than 5 percent, Otago University raised its medical and dental fees by 10 percent this year by claiming “exceptional circumstances”. The Auckland University medical school and the Colleges of Education in Dunedin and Christchurch did the same. The government-funded component of tertiary course costs has been declining for a decade. Ten years ago students paid 25 percent of the cost of their study, now it is almost 30 percent.

Under Labour, the average cost of course fees has continued to rise, with fulltime students paying about \$6,000 in fees compared with \$4,468 three years ago. Over the last five years, the number of people with student loans has risen by 70 percent and total debt has more than doubled from \$3 billion to nearly \$7 billion. When the loans scheme started in 1992, 1.6 percent of the population aged over 15 years held a study loan. Last year this reached 13.2 per cent. According to a survey by the NZ University Students’ Association (NZUSA), tertiary students owe an average of \$18,726 each—a combination of student loans, bank loans, money borrowed from parents and credit card debt. Half of all students are ineligible for any government financial assistance.

Labour boasts that the student loan scheme has “removed barriers” to tertiary education. Its spokesmen refer to the fact that the proportion of the population with a university degree has doubled since 1986 to 14.2 percent. But on top of the difficulty of finding work, students are now burdened with huge debts. The average graduating loan is \$20,000, and begins attracting interest at commercial rates the moment study is complete. It is not uncommon for students in more expensive courses—such as medicine, dentistry and veterinary science—to graduate with debts of between \$50,000 and \$100,000.

NZUSA figures show male students take an average of 15 years to pay off their loans and female students take 28 years, causing hardship and personal dislocation for many young people trying to get a start in life. Again the hardest hit are those from poorer families who cannot call on their parents for assistance. From the moment that students enter primary schools to when they finish their education, the “user pays” education system is increasingly stacked in favour of the wealthy. It is one more indication of Labour’s open renunciation of the egalitarian principles it once espoused in word at least, if not in deed.



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