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CAN WE BE HELD RESPONSIBLE? : THE EXERCISE  
OF EMPLOYER RESPONSIBILITIES BY NEW ZEALAND  
SCHOOL BOARDS OF TRUSTEES

Boards of trustees are the employers in the New Zealand compulsory education sector. Their ideas of what the employer responsibilities should be often differ from the policy-makers' views, and differ according to whether staff are teaching or non-teaching. Boards exercise their employer responsibilities in a volatile context of self-management and bulk-funding debate. This paper compares the different concepts of accountability held by boards and other policy-makers, and summarises boards' responses to surveys during the latest industrial negotiation round.

The employer responsibilities exercised by the new employers in the New Zealand compulsory education sector - boards of trustees - are in the main part no different from those expected of employers elsewhere in the public sector in this country, except in the area of wage-fixing. Their shape and extent have been responsive to the same general influences of public sector reform as a whole.

Efficiency and effectiveness of the public sector had been called into question by the fiscal crisis of the 1980s [Walsh 1991b], affecting strategic decisions about the strengthening of accountability mechanisms, and contestability [Treasury op cit p50], and leading to an extreme pressure to achieve short-term financial economies [Walsh 1991b p117].

In the 1980s therefore a pressing case developed for the reform of the public sector. It was not peculiar to New Zealand. The movement for public sector reform has occurred throughout the OECD countries, with very similar objectives. Every country has a unique education system or systems, however, and in New Zealand the particular combination of factors has led to the development of a devolution of educational responsibilities to the individual institution that is perhaps without parallel. Individual boards of trustees exercise an exceptionally wide range of educational and employer responsibilities. However only a few boards have taken up the full power of employer party, to negotiate wages and conditions for all staff and to thereby control the staff funding resource. It is a power that is primarily rejected by boards, except in relation to some employees.

It is beyond the scope of this paper to debate the merits or otherwise of the theoretical base of the current reforms in the public sector. This is adequately done elsewhere [Boston et al 1991; Pilgrim 1992]. Instead, the paper accepts and examines the theoretical underpinnings of reform insofar as they have a bearing on the viewpoints of the various parties toward the exercise of employer responsibilities in the compulsory education sector.

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## PUBLIC SECTOR REFORM IN INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The New Zealand state sector has undergone considerable reform in the area of labour relations and employment structures and roles in the last five to ten years. The thrust for reform owes much to the fiscal shocks of the last decade, and their impact on the labour market. However there are also several theoretical threads running consistently through the reform papers of the decade exemplified, in particular in the Treasury paper *Government Management* [1987], those of public choice theory, agency theory and managerialism. The thrust has been, therefore, towards an outputs focus where the agent is made accountable for those outputs. Employer responsibilities have shifted markedly from centralised bureaucratic control to a devolved control based on a managerial philosophy drawing on reputed parallels in the private sector.

In 1988 the State Sector Act was passed. Treasury had criticised in 1987 the dead-hand that the State Services Commission represented through its employing authority role, on the development of effective management and accountability in the public sector. The Act changed this in most areas, giving employer status to chief executives of departments within the public sector. [In the education sector however the State Services Commission actually gained more power, strengthening its role in wage-fixing.] The Act also cleared the way for the market to set the price on public services, and was instrumental in consolidating the shift from bureaucratic control systems that were input-driven, to managerial control systems that were centred on output-control. This entailed "the elimination of the rules which had traditionally governed industrial relations and personnel policies. .... The new rules give all parties greater discretion than in the past, and pose the problem of how to harness that discretion to organisational objectives" [Walsh 1991b, p136]. Statutory rules on the bargaining process have had to give way to tightly prescriptive fiscal policies which limit and control outcomes more effectively than formerly, to ensure that the increased managerial authority is harnessed to both the objectives and fiscal constraints of the organisation [ibid].

The fiscal constraint has been further reflected, since 1988, in a determination by the State Services Commission as employer party to "claw-back" on conditions of employment, by removing discretionary clauses, reducing certain conditions and entitlements, and introducing flexibilities to allow more use of casual work. The argument for removing clauses from the binding entitlement of the award to the discretionary environment of the manager's administrative manual, was again managerial, but must surely also be linked to the fiscal-control objective of Government. Again, there would have to be some doubt as to whether these strategies were effective.

Other legislation supports the thrusts of managerialism and fiscal control. The Public Finance Act was passed in 1989, having very much the same aim of

establishing efficient and effective management through reporting and accountability processes.

The latest of the very influential legislation to influence employer responsibilities in the public sector [as well as the private], is the Employment Contracts Act 1991. The introduction of this legislation reflects a dissatisfaction within the control departments [Treasury, and the State Services Commission] of the failure of the industrial relations institutions to adapt quickly enough to changing economic conditions. The Minister of Labour argued that centralised award negotiations had failed to deliver the required responsiveness to economic conditions. The new Act changed the employer responsibilities to give freedom for the parties to negotiate collective or individual contracts. Changed attitudes and behaviours of the parties were objectives of the legislative changes, so that labour market adjustment and business competitiveness could be enhanced [ibid p(iv)].

In the New Zealand public sector as a whole, there continues to be Government dissatisfaction at inability to enhance public service performance despite major reforms in the public sector legislation. The Minister of State Services delivered to the Senior Executive Service in August of 1992 a blunt message, ostensibly aimed at effectiveness, but also reminding senior public servants to "keep in mind the rigours of the private sector marketplace upon which some other features of the modern public service are modelled" [Minister of State Services 1992 p8]. Performance and financial management came in for criticism, and public servants were exhorted to drive down administrative costs, and justify their overhead costs, all targetting efficiency as a measure of managerial achievement. Managerial concerns apparently continue, as Government rediscovers that legislative change is a necessary but not sufficient condition for managerial excellence.

#### Acceptance of the Reforms of State Sector Employer Responsibilities

While there are aspects of the state sector reforms that cannot be denied -

"no public sector organisation can tolerate inefficiency unless there are other considerations to be weighed" [Martin 1991 p369] - certain objections have been raised in regard to the reform legislation affecting employer roles and responsibilities.

As management reform, the legislation rests heavily on a managerialist model, and on a belief that "what is good for private sector employers, unions and workers should also be good for employers, unions, and workers in the state" [Minister of State Services, in Walsh 1991a p73]. These assumptions have been criticised on a variety of grounds [Walsh 1991a].

There was, and continues to be, considerable resistance by employee organisations to the Employment Contracts Act [though their original resistance to the State Sector Act is certainly no longer apparent].

Employer groups tend to be in support, but these are almost entirely private sector groups. The education sector provides the only employer organisation of any size outside of the state system itself, in the New Zealand School Trustees Association. This organisation gave reserved support to the Act on the assumption that other mechanisms remained in place: the employer party status of the State Services Commission, and the "good employer" provisions of the State Sector Act, for instance [NZSTA 1991a]. The Association recognised however that boards of trustees would have a range of views on the desirability of the full employer responsibility to enter into contractual negotiations with staff. The Association's analysis has proven correct in that with a relatively stable role of the State Services Commission and relatively strong unions, it has been possible to maintain collective contract bargaining arrangements where these are desired by boards, while giving flexibility to boards in other areas. Also as predicted however, boards' views have varied on whether or not they wish to pick up a wage bargaining role during the present phase as the State Services Commission has looked for a change in its role. This will be discussed later.

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#### EMPLOYER RESPONSIBILITIES IN THE NEW ZEALAND COMPULSORY EDUCATION SECTOR

Employer responsibilities in the compulsory education sector are set out in legislation. The State Sector Act 1988, State Sector Amendment Act 1989, Education Act 1989 and Employment Contracts Act 1991, are the main acts in which these are detailed. This legislation separates the role of boards [employers], the New Zealand School Trustees Association [employer organisation] and State Services Commission [employer party].

While the roles and responsibilities are made clear in legislation, what is not so transparent are the views of the various parties about these roles and responsibilities. This section will examine:

- devolution in education, and its effects on responsibilities and accountabilities
- effects of public sector reforms on roles within the compulsory education sector
- views of boards of trustees on employer responsibilities
- views of the State Services Commission, Treasury and other groups on employer responsibilities in the compulsory education sector
- relevance of the bulk funding debate.

#### Devolution in the Compulsory Education Sector

In April 1988 the Picot Taskforce published its report, *Administering for Excellence*, a review of education administration in New Zealand. The report's key concepts included that of enabling: restructuring the education system so that it could be "responsive to individual and community educational requirements", so that "students, parents and community groups should be able ... to participate in decision-making, and

to influence the system so that it provides the best education opportunities for them" [Taskforce 1988 p41] .

In structural terms, this meant for the Taskforce that "as far as possible decisions affecting an institution should be made by the institution" and "each institution should have control over how it spends its funds" [ibid p42].

The resultant structure centred on individual learning institutions as the basic unit of education administration, with control over their educational resources, to use as they determine, within a community/professional partnership [the board of trustees]. [Minister of Education 1988b p1].

Tomorrow's Schools gave "overall policy control" of the institution to the board of trustees [ibid p3], creating an interesting tension with the traditional role of the Department of Education - to set policy - and with the role of the new Ministry of Education - to provide policy advice to the Minister. This tension continues to grow as Government sets up internal review groups in the education sector and makes announcements on education administration policy devised within Government, in the context of increasing realisation by boards of trustees of their responsibility and right to "overall policy control" of their institution - [88% of boards protested at the lack of consultation over the Government policy on salaries grant for management] [NZSTA 1992b]. The corollaries of devolution were never worked through at the time, and even if they had been there would probably be quite different interpretations of the boards' role, [at least by boards] now, three years on.

#### New Structures, New Responsibilities

From 1 October 1989 boards of trustees assumed their new responsibilities in the devolved education administration system. Where there had been school committees [primary] and boards of governors [secondary] at the local school level with somewhat limited powers of management, the legislation now established the boards of trustees with very extensive management responsibilities:

75. Boards to control management of schools - Except to the extent that any enactment or the general law of New Zealand provides otherwise, a school's board has complete discretion to control the management of the school as it thinks fit. [Education Act 1989 No 80 S.75 p46.]

In addition to its general powers, the board was also given specific responsibilities under the Act, as an employer, to appoint, suspend and dismiss staff [Section 65]. The board was also made responsible for employee performance, education and development of employees, the work

environment [within the limitations imposed by the Ministry of Education's responsibility for the condition of school buildings, in some cases], employee records, leave approval [within the limitations imposed by employment contracts], disciplinary procedures, surplus staffing procedures, dispute and grievance proceedings, industrial action procedures, [SSC 1989], and more recently for the negotiation of employment contracts in certain circumstances [SSC 1992]. The responsibilities of boards as employers are clearly set out in the State Sector Amendment Act 1989 Section 3 (77F) [STA 1989a p1].

#### Accountability in the Devolved Education Structure

Devolution has concomittant accountability tensions. Where the Picot Taskforce saw institutions [decision-makers] controlling block grants of funds with maximum flexibility [Taskforce op cit p43] there was no question that "those who use public funds must be accountable for what is achieved with those funds" [ibid p43]. On the other side of the coin, devolution of control over resources was seen as essential to accountability:

To be accountable, individuals and organisations must know what they are to achieve and must have control over the resources needed to do this - otherwise, accountability cannot exist [ibid p43].

A board of trustees was to be accountable for how well it achieved its charter objectives, the charter being a contract between the state and the institution and between the institution and its community.

Early disputes arose over the nature of this "contract", when it became apparent to boards that the Government's view of it was that the board was accountable to the state in its charter, without any accountability of Government to make adequate provision as necessitated by the charter.

Accountability in the Picot Taskforce report and in Tomorrow's Schools was largely described in terms of accountability for [learning] outcomes. Financial accountability received little emphasis, beyond the need to send an annual set of accounts - audited or certified - to the national education review agency [Minister of Education 1988b S1.1.30 p7]. It is not surprising that the focus of boards of trustees, insofar as accountability is concerned, is on learning outcomes, for which the board is willing to be held accountable only if the Government accepts the responsibility for providing resources at a level sufficient to achieve the agreed charter objectives.

This assignment of accountability for learning outcomes to boards of trustees, and its acceptance by them, is a most interesting component of the dynamic of the perceptions of employer responsibility and the devolution of policy control. In the literature of public sector reform in New Zealand, a key component has been the distinction between accountability for outcomes [the state's responsibility] and accountability for outputs [the agent's responsibility]. [Scott et al 1990 p157.] Yet in this crucial contract between the state and the institution, a confusion of

accountabilities clearly exists. The institution is being held accountable for learning outcomes [even in the absence of ultimate control over resourcing-levels]. The institution has overall policy control, but accountability for outcomes will sit comfortably with this control only if resourcing is also in the control of the institution. In effect, the board of trustees in a devolved system has taken on the role of the state in the

original model, insofar as responsibility for policy and outcomes are concerned. The principal [chief executive] has taken on responsibility for the outputs by which those outcomes are to be achieved. In classical agency theory, a principal-agent chain is involved: state-board, board-principal ... . The problem is that the charter contract places the responsibility for outcomes on the board not the state. The effect of this on willingness of boards to accept certain employer responsibilities that they believe might affect learning outcomes will become apparent.

As staffing resources are traditionally closely linked to the ability of a board to achieve the learning outcomes specified in its charter, boards see staffing schedules and teachers' salary funding as two key areas where the state must accept financial accountability to the institution. Boards are suspicious of any shifts in staffing resourcing mechanisms which might be used by the state to avoid such accountability, or to move resourcing accountability to the board. The board, while willing to be accountable for the effective and efficient use of resources, is not willing to be accountable for the resourcing itself. This, to the board, is the responsibility of the state, although Tomorrow's Schools, except in the area of property funding, is remarkably coy on this point. When discussing budget responsibilities generally the board's "final responsibility for how funding is allocated" is made clear [Minister of Education op cit p7], while the state's responsibility is apparently only to see that "funding for all an institution's activities will be calculated on the basis of nationally determined formulae" [ibid p6] - no responsibility for the adequacy of that funding.

Employer accountabilities of boards are, on the other hand, very specific. "The board of trustees will be the legal employer of teaching and support staff, and so will be responsible for staffing matters." [ibid p5]. The opening words of Employment for Education are "you are the employer ... . As trustees, you have the power to hire, reward, discipline and dismiss your employees, subject to the provisions of the employee awards and the law" [SSC 1989 p7]. Again, however, the focus is apparently on accountability for outcomes, not financial efficiency: "The emphasis ... is on being a good employer and providing equal employment opportunities for your employees ... [which are both] legal requirements ... [and] the best way of managing your most valuable resource - your employees - in order to improve the learning of children at your school." [ibid]

Employer Responsibilities - Tensions in the Devolved Structure  
While the Picot Taskforce, Tomorrow's Schools, and ultimately the

legislation are very specific on the employer responsibilities and accountabilities of boards of trustees, this was not without considerable resistance from teachers.

In 1988 teachers expressed great concern about boards' abilities to appoint teaching staff, centred mainly around mistrust of the "amateurs", fear that boards would cut costs, and fear of threats to equity by male/white dominated boards [Minister of Education 1988a p7]. Interestingly enough potential board members did not hold these concerns [ibid]. In other employment areas teachers expressed similar fears. They clearly did not want boards to exercise power and autonomy in ways that might impinge on teachers' own professional autonomy and power. They were concerned that boards would know details of their salaries and employment records. [This latter concern is most interesting considering the very public nature of the New Zealand Public Service "stud book" which recorded details of all public service salaries and employment records into the 1980s. The assumption might well be made that the salaries of those paid from the public purse should be public knowledge.]

What was very clear even before the start of Tomorrow's Schools was that despite the rhetoric about partnership, one at least of the partners was not into power-sharing in matters of employment responsibilities. [It is interesting that much of the current dismay over proposed shifts in employer delegations continues to be expressed by, or in relation to,

teaching rather than non-teaching staff, and continues to centre on very similar points to those expressed in 1988.]

It could also be questioned of course whether anyone, boards or Ministry or teacher organisations, understood particularly well the possible interaction of aims for partnership and for employer responsibilities.

As far as boards themselves are concerned the tensions are several: the tension experienced with teaching staff who resent on principle the board's exercise of employer responsibilities; the tension caused by the state's failure to clearly acknowledge the responsibility for staffing resourcing while boards have the responsibility for the outcomes of staffing resource-use; the tension between a commitment to self-management by the board, and actual restraints placed on the "overall policy control" of the board by the continuing policy control of a centralised agency; the tension of distrust of central government in a period of too-fast change. While these tensions are unresolved, some boards will continue to express disillusionment or resentment over their accountability as employers.

Employer Accountability Mechanisms Proposed Under Tomorrow's Schools  
The major accountability mechanism, and the means of ensuring cost restraint under Tomorrow's Schools was bulk-funding. However, the proposal of the Picot Taskforce was still somewhat constrained in this respect. They proposed a bulk grant with two components: one of these based on

teachers' salaries, [the teachers' salaries bulk grant], the other on all other expenditure, including non-teaching salaries, [the bulk operating grant]. The teachers' salaries bulk grant was to be derived from a notional staff roll, weightings for individual institutional needs, and the national pay-scales. The restraint in this case would have remained in part the responsibility of Government, through the nationally negotiated pay-scales. While promising some flexibility for boards on numbers of teachers, and the placing of them on the pay-scale, the system would still force the Government to accept responsibility for pay restraints in industrial negotiations. Once established, however, the clear intention of such a salaries bulk grant was to establish a cost restraint/accountability mechanism which could also contribute to a self-managing regime [Minister of Education 1988b p13, S.1.3.5].

The teachers' salaries bulk grant was not introduced at the same time as the bulk operating grant, in 1989. Lack of preparation in 1989 and then increasing resistance reflecting, in part, the arguments by teachers in 1988 against the proposed board powers over teachers, but also arguments of equity between schools, led to a trialling of the process, on an optional basis, three years later.

A small group of boards [71 of the 2700] entered the optional Teachers' Salaries Grant trial in 1992, and will continue to the end of 1994. The employer responsibilities given to those few boards are more extensive even than those proposed under Tomorrow's Schools [NZSTA 1991b p1].

Under the conditions current at the time of the introduction of the legislation, the Employment Contracts Act had less impact in the compulsory education sector than elsewhere [as predicted by the employer organisation, New Zealand School Trustees Association]. The 2700 individual employers did not under the State Sector Act hold negotiation delegations for the more than eight contracts under which their staff operate. Although secondary school principals were already on individual contracts, there were no employer negotiation responsibilities for other groups, control still being centralised in the State Services Commission, under the State Sector Act. This provided certain buffers against industrial change, despite the major legislative changes. Although they are the employers, boards have not been the employer party [STA 1989b]. Individual employers have not settled negotiations. The State Services Commission is the employer party, with the power to settle on behalf of the school boards in industrial negotiations. As protector of the state's financial interest in salaries, the SSC has had a clear interest in retaining control of the

power to settle the negotiations with the 25,000 primary and 15,000 secondary staff, for so long as no other mechanism of financial constraint was in place. Input from the actual employers [boards] has been through the employer organisation, the New Zealand School Trustees Association, which represents all boards in this process [NZSTA 1992a]. While the Association surveys for the views of boards and advocates these in

negotiations, the primary role of the SSC itself as employer party means that "suggestions which come through [the employer organisation] will be subject to the priorities dictated by financial restraints ... and cannot be guaranteed to survive the negotiation process" [SSC 1989 p85].

The State Services Commission has had the right under the State Sector Amendment Act 1989 to delegate its power to negotiate on behalf of the education service to an employer or an organisation of employers, that is, to boards, or to the New Zealand School Trustees Association [STA 1990]. It has not however done so, in the period 1989-1992, because no mechanism existed for financial constraint at the board level, and the state was unable to assure itself that the boards would be motivated to put a state concern for efficiency over their own charter responsibilities for effectiveness, or that their organisation could therefore be free of this same constraint.

The overall effect of this arrangement has been to keep financial constraint, through salary control, very much in the hands of the state, not the employer, particularly as far as salaries of teaching staff are concerned. Employer accountability, for teaching staff, by the standards of the Picot Taskforce, does not exist.

However the bulk funding accountability mechanism does exist in some areas of the salaries budget, and has been responsible for recent shifts in the roles of the State Services Commission and the boards. Non-teaching staff are paid from the bulk operating grant of the boards themselves, affecting the industrial role of boards. Boards' willingness to tolerate pay rises for non-teaching staff has been the key to actual pay rises. Boards, after all, have to "wear" the greater cost from within their bulk operating grant. The State Services Commission has now passed delegation for individual or site based collective employment contract negotiation for non-teaching staff to boards, the direct employer, secure in the knowledge that the bulk funding structure provides for cost restraints and therefore an acceptable accountability mechanism. A similar change has taken place with the few employers who have entered into the three year Teachers' Salaries Grant trial, which again is bulk funded and hence provides cost restraint and accountability channels acceptable to the state.

Government continues to struggle toward the original concept of accountability evident in Tomorrow's Schools. In July 1992 the Ministers of State Services and Education announced the compulsory Salaries Grant for Management, a form of bulk funding of management-teaching positions. The form differs markedly from that of the bulk-funded Teachers' Salaries Grant [TSG]. It will be funded on actual existing salaries. Discussions are underway for mechanisms to ensure no loss of the board's current discretions to appoint at a level that preserves existing salary conditions. The TSG, on the other hand was formula-based. The agenda of Government appears to be the creating of an accountability mechanism at the board level, which provides financial restraint through budget "capping" rather than through wage-freezing. [As an example of the present wage-freezing restraint, the board may not, at present, move the

principal's salary on the range of rates, and has very little or no discretion with other senior salaries. Nor did salaries move in the last national payround.] The present approach keeps management and restraint responsibility at the central level, when there have been clear indications from Government that it wishes management responsibility to be at the level of the individual institution [Minister of Education 1988b p1; Birch 1992]. To do so there must be a financial restraint mechanism in place at that level.

Other policy moves have emphasised this underlying agenda of introducing a

local method of financial restraint through "capping". In 1992 the Government introduced the bulk-funding of relief teachers' salaries, which had been specifically excluded from Tomorrow's Schools salaries bulk-funding proposals. Initial review documents [Ministry of Education 1992] indicate that problems with the local budget "capping" of relief teaching funds have not been major - a surprising outcome since the budget was not only "capped", but "capped" at 30% below the actual cost for 1991. The policy change on relief teacher funding has reinforced fears which some boards have over changes in employer responsibilities generally, although there are also many boards who have found the mechanism to be advantageous financially and, so long as "safety-nets" exist for the few boards in difficulties, are comfortable to accept the process. While willing to accept responsibility for learning outcomes, and accountability for the efficient and effective use of Government funds, boards are not willing to accept responsibility for resourcing levels, and particularly for the results of under-resourcing. In the bulk-funding of relief teacher salaries, boards have demonstrated their ability to achieve financial restraint under a budget "capping" regime. Typically publicity and letters from the few boards who have run out or are close to running out of funds however, indicate that they will not accept responsibility for the results of cost-cutting by Government.

What appears to be operating is a pragmatic acceptance by boards that they and their staff have no right to "fat" in a constrained economic environment, a willingness to acknowledge restraints which ensure that it is kept at a minimum, even a willingness to operate those restraints in some circumstances. But there is not a willingness to be the instrument of Government in a cost-cutting exercise when this involves conflict with accountability for effective education, for equitable education opportunity and outcome, and with the legal and contractual obligations to be a good employer. While the boards accept their employer roles therefore, there is real conflict for them in acceptance of employer party status, or what the state would call full employer responsibility, as it relates to teaching staff, for it is here that the conflict of efficiency and effectiveness is most apparent. Consequently boards take a somewhat different view of their employer role in relation to teaching staff than they do of their employer role in relation to non-teaching staff.

### The Relevance of the Bulk Funding Debate

It can be seen that the bulk funding of teachers salaries, while ostensibly a debate about an administrative mechanism, is actually integral to achieving the underlying thrust of public sector reform, toward fiscal restraint, better management, and hence greater efficiency. Better management has been equated in these particular public sector reforms with less state involvement and more responsibility of the agent - the board of trustees and their employees - and hence another reason to devolve managerial responsibilities.

There is no question that both of the "control" departments - Treasury and the State Services Commission - have clearly stated their concerns for learning outcomes and for equity. Equally however there is no question that both departments see managerial responsibility as essential, but only able to be "safely" exercised - from a fiscal point of view - in an environment of bulk funding, which imposes the necessary fiscal restraints. Nor is there any question that boards of trustees continue to seek to exercise employer responsibilities. They are "good employers" and they respect the principles of lay/professional partnership, but they are still employers.

### Views of the New Zealand School Trustees Association [Employer Organisation] on Employer Responsibilities in the Compulsory Education Sector

The employer organisation derives its position on appropriate employer responsibilities from the expressed views of the boards themselves. It is clear that boards seek to exercise employer responsibilities differently according to the category of employee and that while national bargaining is

preferred for teaching and ancillary teaching staff, a large proportion of boards are prepared to exercise full employer responsibilities with non-teaching staff. A very few boards are willing to exercise full negotiating and pay-setting responsibilities with all their staff. It has been noted in negotiations that "freezing" the available flexibilities on ranges of rates has effectively curtailed any managerial flexibility of the employer. However a return to employer discretion is only being made available in circumstances where some other fiscal restraint mechanism can be put in place. The employer organisation continues to support boards in the autonomy of management decision-making guaranteed them under the Education Act 1989. This has resulted in vigorous advocacy of documents which give the maximum flexibility to boards, but which, in most cases, make available the standard conditions of a national or multi-employer collective. Although a review of the role of the State Services Commission in wage bargaining in the education sector suggested a possible role for the Association as employer party, the Association supports instead the integrity of individual boards in this role, acting for them if requested.

### Views of the State Services Commission [Employer Party] and the Treasury on Employer Responsibilities in the Compulsory Education Sector

In 1987 the Treasury produced a briefing paper for the incoming Labour Government on Management in the education sector [Treasury 1987 Vol 2]. Like the companion volume on the public sector generally, Treasury advocated a new relationship between the board [of the Minister] and the principal [of the head of a government department], with a clear chain of accountability based on well-specified managerial responsibility. Ranges of rates, performance-pay, individual contracts for principals, and increased discretion by boards in setting conditions of employment were advocated to achieve clearer managerial control, and they became foci of the 1989 award negotiations in the education sector.

The State Services Commission produced a post election brief on the education sector for the incoming National Government in 1990. The Commission expressed concern that the original intent of some of the policies of Tomorrow's Schools had been weakened or overturned in the implementation process, largely by the professional sector, adversely affecting productivity gains and the opportunities for enhancement of educational outcomes. The Commission strongly supported the major reform principles of devolution, autonomy for institutions, accountability for funding and results, and greater responsiveness to consumers and society [Hunn 1990 p1]. The Commission recommended that the Today's Schools recommendations [from the Lough Committee review of the implementation of Tomorrow's Schools] be implemented in their entirety. Where one might have expected a heavy focus on the industrial/employer issues in the Commission's briefing, the greater emphasis was on the need to refocus reform onto the curriculum, with secondary foci on self-government in transport, payroll and property management, and on equity implementation. However the Commission did support the "freeing up [of] the supply side through a combined industrial relations and machinery of government strategy" [ibid paper 2, p3], whatever this might mean [it was not elsewhere elucidated]. The Commission did note that, at the level of the Ministry of Education there were difficulties in the linkages between output and outcome statements. There was no comment made on the outcome/output responsibilities at the level of the boards of trustees; indeed the briefing paper is written from a centralist position, and makes no attempt to view the system from a devolved viewpoint appropriate to the changes in legislated responsibilities.

Other messages have been given by the State Services Commission, however. Their stance in the last three rounds of award/contract negotiations has shown an increasing determination to achieve simplified documents, increased local discretion in employment conditions, and individual contracts [especially for management positions]. [The last two rounds have however been "soft" on these issues, to allow for consolidation of boards in their role as employers.] The Commission has pressed for ranges of rates to give greater local management discretion in relation to performance, and

advance the process of managerialism. Ranges of rates have been achieved for principals in both the primary and secondary sectors. The coverage

issue has been a major aspect of the Commission's bargaining since 1988, consistent with the general objective of state sector restructuring to emulate private sector managerial structure. That objective has been criticised elsewhere, but it remains a very persistent aspect of the Commission's views of the proper relationship between boards as employers, and their staff. The Ministers of State Services and Education confirmed early in 1992 the Government's determination to move toward school-based bargaining [it has since delegated bargaining authority to boards for negotiations with non-teaching staff], individual contracts, simplified contract documents, greater employer-discretion over conditions of service, and so on. Quite obviously the Government's intentions have been thwarted to some extent by the failure to get in place a bulk-funding salaries mechanism that would provide a fiscal restraint on boards in a devolved negotiating environment. Government is not comfortable that employers are independent of staff in negotiations. In July 1992 there was an announcement by the Ministers of a Salaries Grant for Management that would provide such a restraint, on management-position funding. Earlier [February 1992] relief teacher funds had been placed in the bulk operating grant, with the same result. The Commission's view of the appropriate employer responsibilities in the compulsory education sector is clear.

#### Attitude of Boards of Trustees to Acceptance of Full Employer Responsibilities

In 1991 and 1992 it became clearly apparent that the State Services Commission had no real desire to retain the role of employer party if development of effective financial restraint mechanisms at the employer level allowed. The retention of centralised state control of vital employer responsibilities was felt to be restricting the development of the managerialist framework that underpins state sector reform.

In its role as employer organisation the New Zealand School Trustees Association therefore surveyed boards of trustees concerning their willingness to take up this aspect of employer responsibility: the [delegated] authority to wage-bargain and to negotiate conditions of service, both generally [as a principle] and in relation to each specific employee contract negotiation. Boards were surveyed about the eight employment contract claims covering compulsory education sector employees [this excludes principals of secondary schools who had been, since 1989 on individual contracts]. All boards were also surveyed on general concerns identified by various boards, and on the likelihood of their acceptance of authority to bargain, if delegated.

Response rates to the specific surveys were typical of the one-off industrial surveys, limited in response-time by the timeframe of the industrial negotiation procedures. [Response rate about 20%.] The surveys themselves were however obviously striking a nerve as far as boards were concerned. Despite surveys being in the usual format, the employer

organisation faced criticism not previously experienced over bias in the surveys - a claim largely centred around the question as to what bargaining arrangements were preferred by the board.

The question to boards, repeated in each contract survey was:

Renegotiation of a Collective Employment Contract

Please indicate your specific preference for the bargaining arrangements that you would like to apply to your board in respect of the current Collective Employment Contract for .....

- (a) the ability to negotiate individual contracts with workers
- (b) a school-based collective employment contract
- (c) a multi-employer or regional collective employment contract
- (d) other [including the negotiation of a national collective employment contract as claimed]

The response rate to the general survey of acceptance of delegated authority in principle, was somewhat higher [it had a longer time-frame], at about 25% [700 responses]. Of these respondents, 37% did not wish to use any delegation of the authority to bargain with employees. Approximately half of the boards who responded wanted any delegated authorities to be managed collectively for them by the employer's organisation, regardless of whether the contract in question involved teaching or non-teaching staff [49% for non-teaching staff contracts, 55% for teaching staff contracts]. Only a small percentage of boards therefore were willing to exercise the delegated authority themselves.

When specific contracts were under discussion survey results indicated an 11-13% preference for individual or school-based bargaining for teaching staff, while for non-teaching staff the preference was 40-44% [see Table 1]. Preference for a multi-employer or national collective contract for teaching staff was 92-100%, while for non-teaching staff it was 66-69%.

Preferences concerning the group of non-teachers who nevertheless perform an ancillary or support teaching function in schools provides us with an interesting insight into the preference behaviour of boards for employer bargaining responsibilities. The underpinning of the administrative reform

in the public sector, but particularly in the compulsory education sector is, as has been discussed, agency theory, managerialism, and fiscal restraint. The thrust of the State Services Commission in contract bargaining has been individual or school-based bargaining, linked with bulk-funding, in order to increase institutional managerial responsibility and flexibility without loss of financial accountability. One would expect boards to show similar preferences in employer responsibility toward those categories of staff already bulkfunded, as far as employer responsibility is concerned, if bulk funding is to be the control on the self-managing employer that it is meant to be. In fact, the preferences seem to be more

closely related to the teaching/ancillary-teaching and non-teaching functions of the staff than to the bulkfunding mechanism per se [see Table 1]. This suggests that boards are influenced more by accountability for effectiveness than by accountability for efficiency when it comes to their perception of employer responsibilities. Boards perceive non-teaching and teaching [or ancillary teaching] staff differently. I believe this to be due to their high level of acceptance of accountability for learning outcomes and their unwillingness to accept responsibilities that might in the future affect the level of resourcing of what they believe to be the critical influence on learning outcomes - the teacher. At the base of this, if the voluminous correspondence from boards is to inform us, may be the feeling of concern over the relationship of parent and teacher [a relationship that might, and in the case of recent industrial action in the Waikato, has, actually impinged on the student].

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#### CONCLUSIONS: THE NEED TO RESOLVE THE TENSION BETWEEN CONFLICTING ACCOUNTABILITIES

Boards of trustees exercise their employer responsibilities in a volatile environment of state sector reform aimed at fiscal restraint and improved efficiency and effectiveness. Their responsibilities can conflict. They mistrust Government, and do not want to be left "holding the baby" which results from fiscal restraint. While admitting the need for governments to exercise restraint in a time of economic crisis, and their own willingness to exercise proper restraint, boards are not willing to be the instrument of cost-cutting in areas where they have accepted a legal and moral responsibility for educational outcomes.

There is a need for the Government to acknowledge the implications of the board's legislative responsibility for management policy and the board's contractual accountability for educational outcomes. The conflict between the board's accountability for effectiveness and the government agencies' attempts to make boards accountable for efficiencies in their areas of employer responsibilities are more likely to be resolved if fiscal restraints are themselves subject to negotiation between Government and the employer. The role of the State Services Commission should not be to usurp the employer party status of the boards, but to act as the instrument of Government negotiation with the education employers [boards of trustees] on the extent of fiscal restraint. If agreement is reached, the employers are then able to negotiate with staff within the agreed limits, in whatever way they wish, collectively or individually. If not, then the Government is left with the responsibility for negotiation with education sector employees if efficiencies are to be achieved at the perceived expense of effectiveness. What must be respected is the contract undertaken by boards of trustees to ensure agreed educational outcomes, a contract which at present has no reciprocal undertaking by Government to provide appropriate resources. The negotiation suggested above would both establish that

contractual undertaking, year by year, and provide the fiscal restraint mechanism that is necessary if the Government is to be comfortable with boards assuming their full employer responsibilities.

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