

## Contesting contestability: The New Zealand special education service

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### ABSTRACT

I will argue that the attempt to introduce 'contestability' to the New Zealand special education service is by its nature problematic to this sector and therefore has not yet been implemented for two primary reasons. First, there is a basic lack of fit between the principles that underlie 'contestability' and the particular needs of the sector. Secondly, this lack of fit has meant that the government has been unable to come up with a viable method of implementation, as demonstrated by the practical objections raised by those involved in special education while the policy has been developed. By examining the origins of recent political change in New Zealand, the forces that shaped the development of policies such as contestability and allowed them to predominate, can be seen more clearly.

### Introduction

Provision for special education in New Zealand has been undergoing a long process of change that has yet to be resolved after seven years. Why? Reforms have been driven by two ideologies, mainstreaming and market forces. The latter is evident in the attempts to introduce contestability for the Special Education Service and will be the focus of this study.

The Special Education Service (SES) is a government agency established in the 1989 reforms. It has been contracted by the Ministry of Education (MOE) to provide advice, guidance and support to those with learning and developmental needs under 21 years. It employs visiting teachers, Advisers on Deaf children, educational psychologists, speech language therapists, Advisers on Early Intervention and early intervention teachers.

This study is primarily concerned with the application of "market rules" on the SES. It is therefore not concerned so much with the issues surrounding provision, but with SES as a case study of problematic attempts to introduce 'contestability' and all that it represents into an area of the public sector.

'Contestability' has been defined by the Ministry as being ensured by funding the people who want the service rather than those who provide it. People can choose who they want to provide the service and the nature of the service (SEPIIT, newsletter 3, 1992). An economic definition is given as when "an organisation maintains an efficient and needs-driven operation through being exposed to actual or potential competition" (Mitchell, p.11, 1991). It is assumed that the threat of competition will act to constrain the incumbent organisation from behaviours such as empire-building or other

inefficiencies. Thus, 'contestability' is perceived by its advocates to act as an accountability measure (Mitchell, 1991).

I will argue that this policy is by its nature problematic to this sector and therefore has not yet been implemented for two primary reasons. First, there is a basic lack of fit between the principles that underlie 'contestability' and the particular needs of the sector. Secondly, this lack of fit has meant that the government has been unable to come up with a viable method of implementation, as demonstrated by the practical objections raised by those involved in special education while the policy has been developed. By examining the origins of recent political change in New Zealand, the forces that shaped the development of policies such as contestability and allowed them to predominate, can be seen more clearly.

## The changing face of politics and the State

1984 saw the beginning of one of the most comprehensive reforms of the public sector to be seen in New Zealand. The early to mid nineteen eighties saw the timely coming together of several important factors (Boston, 1991; Jesson, 1992). Prior to the mid nineteen eighties New Zealand had been predominantly under the National government. The 1975 election of Muldoon as Prime Minister saw increasing government intervention as the government attempted to cope with an increasing economic crisis (Jesson, 1992). This was in direct conflict (and indeed helped to promote) the recent revival of laissez faire policies that was occurring in the financial sector (Jesson, 1992).

Concurrently, a change was taking place in the makeup of the Labour Party support. There was a shift from the now less politically active traditional working class to the rising movement of middle class social liberals who were also opposed to Muldoon's traditionalism (Jesson, 1992). By 1984, election year, liberal individualism was evident in both the Left and Right wings of the Labour party; the Right concerned with increasing the use of a free market; the Left with foreign policy and social and moral issues (Jesson, 1992).

Meanwhile, the small size of the Treasury and Reserve Bank allowed a group who followed the neo-Austrian school of free-market dogma to become predominant (Jesson, 1992). By the time Labour swept to power they were able to present a series of briefing papers that outlined a plan for economic change - **Economic Management** (Jesson, 1992). A fiscal crisis in the first week of the new government caused panic and, according to Jesson, allowed the Finance Minister, Douglas, and Treasury advisers to take control; "a veritable coup had occurred" (Jesson, p. 43, 1992). The scene for reform was set.

According to Codd, Harker and Nash (1991) such shifts can be analysed as a legitimisation crisis for the State. The legitimacy of the State's "rule" came under pressure with the increasing economic crisis that interfered with the State's ability to perform its key functions. There was a perceived failure of the Welfare State, with its emphasis on achieving equity through intervention, to succeed in these goals. Thus, the challenge from the individualism of the New right was able to gain ground. Now, state intervention was considered a "fundamental threat to individual and democratic freedom" (Peters & Marshall, p. 79, 1990). Without state intervention, or interference, individuals could better decide how to meet their own needs. Rather than the State allocating resources, it was argued that the free market was a superior allocative mechanism. With less 'big' government the economic and social problems facing the country could be resolved. In New Zealand this ideology was to lead to extensive public sector reforms (Peters & Marshall, 1990).

Boston (1991) identified four theories that have been instrumental in the policy development that surrounds public sector reform: Public choice theory, Agency theory, Transaction-cost analysis and managerialism and New Public Management (Boston, 1991). Rae (1992) cited analysis that located such theories, particularly managerialism with its decentralised controls, in the programmes, advanced by what he termed the 'control' departments of Treasury and State Services Commission.

Education, as part of the residual public sector, was included in these reforms in 1987. The then prime minister, Lange, moved to the education portfolio and Treasury produced its input into education via the brief to the incoming government. The administration reforms that resulted used a new language and its underlying ways of thinking (Grace, 1988); words such as "choice", "devolution", "consumer" and "excellence" were evident in the 1988 Picot report (Peters & Marshall, 1990).

The new language and all that it represents were promoted in the 1987 brief to the incoming government and have been evident in subsequent reports and reviews. The principles that were to underpin the reforms in education generally and contestability in special education could be found in the 1987 **Government Management** document as follows.

**MINIMAL GOVERNMENT INTERVENTION** This is well summarised by the following: "In sum, government intervention is liable to -reduce freedom of choice and thereby curtail the sphere of responsibility of its citizens and weaken the self steering ability inherent in society to reach optimal solutions through the mass of individual actions pursuing free choice without any formal consensus. Government intervention produces its own internal dynamics and hence problems." (Treasury, p. 31, 1987). As demonstrated by the above, government intervention was viewed as a necessary evil and if provided for equity purposes, needed to be targeted. Government commitments to most parents should be limited to providing information to allow them to exercise their right to choice (Treasury, 1987).

**CHOICE** This is seen as empowering the individual and community against potential central control (Treasury, 1987). It can also be viewed as a mechanism for meeting demands: "The report (Picot) gave insufficient evidence to the importance of competition and choice as the normal means of satisfying consumer demands most effectively" (Kerr, p. 25, 1991 ).

**COMMODITY** Education cannot be seen as a public good in a purely technical economic analysis (which is by implication the best) because it isn't non-exclusive i.e. individuals can be excluded from education, non-competitive, i.e. there is a marginal cost to added individuals and non-positional, i.e. value is associated with scarcity (Treasury, 1987).

**DEVOLUTION** Central control should be avoided as it allows power relations to develop around the centre of funding. This reduces flexibility as those in control of the funding will want to maintain predictability. This will have a negative effect on accountability and quality control and encourage those with vested interests to capture resources (Treasury, 1987).

**CONSUMER/PROVIDER CONTRACT** Interference in this contract should be avoided. Where it cannot be avoided it should serve to strengthen rather than disable the relationship (Treasury, 1987).

## Developing the 'problems' and attempts at 'solutions'

Reforms within the special education sector involving contestability can be seen as the development of a series of problems and proposed solutions within a framework of the above principles. 1987 saw the publication of two documents that were to provide the basis for future directions, the Draft Review of Special Education (1987) and the Managing Government: Education Issues, Vol. ? (1987).

In 1987 the then Department of Education set out to investigate current provision and to provide a guideline for the next decade (Dept. of Ed., 1987). It concluded that provision of resources was dependent on the problematic categorisation of children in order to capture resources. However being labelled still resulted in significant numbers missing out, for example, those severely intellectually handicapped children who were not yet placed in schools. Likewise, children who were currently placed in regular education settings did not have the same access to resources as those in special education facilities (Dept. of Ed., 1987).

The review proposed that future special education provision be based on 'normalisation', needs-based resource allocation, non-categorical assessments and the involvement in decision-making by those in the child's environment. Special education was to be seen primarily as a support, rather than a separate, system (Dept. of Ed., 1987).

While the Government Management (1987) document did not specifically discuss special education, the problems and solutions that it raised and the principles that underlay it, as discussed above, were still considered to be relevant to this sector as will be evident.

The issues raised in these two documents provided the basis for the special education section of the Administering For Excellence (1988) report. The solution proposed by the taskforce was the partial contestability of resource funds (Picot, 1988). Institutions should be free to 'buy' the required services from special education advisers with funds made available from the special education fund. However, recognising the uneven distribution of children with special needs across institutions and the policy commitment to mainstreaming, 40% of the funds should be allocated directly to the advisers as a retainer to ensure a minimal level of provision. The level of funding to the institution was to be determined by the Ministry (Picot, 1988).

Thus special education provision was to be brought into line with regular education: consumers could choose to 'buy' services directly from providers, while the ministry provided a minimal service to meet its policy obligations and determined the level of funding that the student would need (Picot, 1988).

Over the following year this proposal was gradually altered. Tomorrow's Schools (1988) planned to make only 20% of the advisory funding contestable, with the remainder to go to the to be created Special Education Service. Over the following two years this funding would become 100% contestable (Lange, 1988). However, by the time implementation came about in October 1989, the Service was 100% funded with contestability waiting somewhat in the wings.

Meanwhile, services to preschool children had been made non-contestable (Dept. of Ed., 1988-9). the Before Five (1988) document proposed that services to facilities and families be free of charge. Facilities were free to use alternative special education services but would receive no extra funding for this purpose (Dept. of Ed., 1988-9). This early childhood policy was continued through following later documents.

However, the lack of implementation of contestability in the school sector concerned the authors of Today's Schools (Lough, 1990). In early 1990, they were briefed to assess the implementation process of Tomorrow's Schools in early 1990. Two perceived problems were raised on this issue: co-ordination of resource allocation and the resulting conflict of interest that would inevitably result. According to Lough (1990) "the key to learners with special needs enjoying the highest possible education outcomes is by giving careful and expert attention to the allocation of funding in this area" (Lough, p. 45, 1990).

The proposed solution was to carefully target special education provision according to children's assessed needs through the Special Education Service. As well, in full 'consultation' with their communities and in line with government policy segregated facilities would gradually be closed, allowing SES to better distribute these resources (Lough, 1990).

However, according to the authors, this would create a conflict of interest where service providers could capture the funding if they were also responsible for allocation (Lough, 1990). The solution? -to separate personnel into two groups, SES would be responsible for assessing children's needs and allocating the resources. Then "the guardian(s) and the student could then choose from whom to purchase the specified service" (Lough, p. 47, 1990). Providers would be required to meet MOE standards.

Today's Schools (1990) was quickly followed by the Report of the Special Education Taskforce (1990) whose brief was to consider again the resourcing and provision of special education through

wider liaison with those concerned (Perris, 1990). A recommended implementation process was also to be planned to begin in July 1990. The taskforce was only to be concerned with school aged learners (Perris, 1990).

Their investigations raised, once again, two issues pertinent to contestability. Firstly, funds were being severely strained with the current dual provision of both segregated and mainstream options. Those children receiving special education through residential or day schools received a far greater proportion than those who relied on discretionary resources. This compromised government policy yet many submissions requested that both options remain to allow choice for parents. Secondly, there were the difficulties in trying to allocate funds equitably to individual learners (Perris, 1990).

The authors proposed that funding for special needs be allocated through a supplementary system by the SES for regular and day schools, with residential schools continuing to receive operational funding (Perris, 1990). Supplementary funds were to be tied to Individual Educational or Developmental Plans (IEP/IDP) that would specify the resources required to meet the learning needs of each child. In contrast to the previous report, this investigation concluded that a fixed formula would not be able to be sufficiently responsive to the complex and changing needs of learners and their institutions (Perris, 1990).

To assist in the allocation of funds a division was made between high-incidence disabilities, those tending to be temporary, less disabling and more responsive to remediation, and low-incidence disabilities, such as severe sensory, physical and intellectual disabilities (Perris, 1990). Resource centres would be established with appropriate staff to meet the needs of the latter group while the former would be assisted within the regular settings (Perris, 1990). This theoretical division was to remain in various forms over the next series of reports and was to be highly controversial.

This report led to the establishment of a MOE project team with the brief of providing a definition of the learners who would be covered under the special needs umbrella, review current practices, legislation and so on, and assess any inconsistencies between them (MOE, 1991a). Their investigations were based on the previous reports, the Draft Review of Special education (1987), the Report of the Special Education Taskforce (1990) and with much consideration given to pertinent recommendations made in *Today's Schools* (1990).

The resulting report, *Educational Provision for Learners with Special Needs* (1991) among other issues, highlighted the 'problem' of an increasing special education net (MOE, 1991a). This was seen to occur "where a vigorous mainstreaming policy is adopted, with its associated drive to identify learners according to categories of need" (MOE, 4.4.1.1. 1991a). The solution to this was to increase the school's responsibility for a wider variety of children's abilities. Classroom teachers would receive training to enable them to assist "the vast majority of learners" (MOE, 4.4.3. 1991a).

The division of children into high- and low-incidence categories was continued, but this report disagreed with the prior and proposed formula funding for learners with high-incidence needs. Repeated emphasis was given to the need for schools to be responsible for more learners and therefore their funding (MOE, 1991a).

Late in 1991 *The Statement of Intent* was released. This document, based closely on the preceding discussion document, intended to establish the Government's special education policy plan and bring special education into closer alignment with regular education reforms (MOE, 1991b). An example of the perceived need for realignment was the 'problem' created when one government funded agency (SES) advocating against another for individuals. This was seen to be in conflict with moves to increase local management of resources (MOE, 1991b).

The proposed solution closely followed that of the prior discussion document. Funding for early childhood and learners with low-incidence disabilities (now called students with disabilities) would remain with SES. Over the following three years funding for learners with high-incidence disabilities (now called students with educational and social difficulties) would be gradually shifted to schools via a formula targeted for location, age and so on (MOE, 1991b). Details such as precisely how a



formula could meet the needs of individual children's needs, as per the intent of the Statement, was to be worked out within the Special Education Policy Implementation Team (SEPIT).

SEPIT have held three extensive consultation rounds since the Statement of Intent. The first raised many concerns, one being a degree of scepticism over the effectiveness of any consultation process as a means of altering policy. The second was based primarily on establishing ways of implementing equitable contestability of funding. As a result of the issues raised, the implementation of contestability was delayed one year to allow further investigations to take place (SEPIT newsletters, 1992-3).

The third consultation round in May 1993 considered a devolved method of allocating resources that could be used, significantly, with or without contestability (SEPIT newsletters, 1992-3). another major change at this time was the decision to remove the categorical basis for funding. the results of the consultation rounds and the key objections to contestability are discussed in the next section under practical reasons for the lack of implementation of this particular government policy.

## Challenges to implementation

### *1) Practical critiques*

It is evident from the above discussion that there has been a prolonged attempt to apply contestability to the allocation of special education resources. Yet it remains incomplete. Two approaches may be useful in considering why this is so; the applicability of the principles that underlie contestability to special education, and the practical measures that would be necessary for its application.

It is at the practical level that resistance has been strongest, as can be seen in submission made to the various reports. Many of the concerns have been repeated across them. In *Twenty Thousand* (1988), a summary document of responses to the Picot Report, changes to advisory services provoked the largest number of responses, notably from parents of children with special needs. there were concerns that attaching funding to institutions would disadvantage those not attached to them and privacy would not be protected for those that were.

The ability of a private sector model to provide a "comprehensive, universal and planned model of service provision" (NZPSA comment on *Today's Schools*, p. 7, 1990) was challenged by unions covering special education workers. Concern was expressed over the lack of central accountability and oversight, given the irregular distribution of learners with special needs (NZEI, 1990). They felt that this would seriously undermine an already under-resourced service. the importance of choice that underlies contestability was also considered to be at risk under the proposed model as in many areas there would be no choice given current under-staffing levels and would not improve contestability (Joint Union submission, 1991).

The ability of such a small 'industry' to produce real competition was debated and the potentially negative effects of competition, such as lack of shared information and skills, were also raised (PSA 1990). Both union submissions gave the example of the physiotherapy service as an example of an 'industry' whose prices had increased as a result of introduced contestability for Accident Compensation Commission funds (NZEI, 1990: PSA, 1990).

The proposed separation of needs assessment and service provision was seen as artificial (NZEI, 1990). An integration of the two was seen as a necessary part of providing a quality service. there was concern over who would be accountable for a child's progress if the resources recommended by one person were not available or deemed insufficient by the service provider (NZEI, 1990).

Dividing learners with special needs into high- and low-incidence groups provoked much debate a joint union submission expressed concern at the use of another label that bore little relation to a child's actual needs.

For example, "The sheer numbers of such children make them "high incidence" even though their particular needs require specialist support similar to that purportedly required by the "low incidence" students" (Joint Union submission, 7.8.1991).

Questions were raised over the assumption that the level of support a child may require can be fixed, although a disability may be temporary and therefore "high incidence" ,it may still require considerable specialist support if a child is to benefit (Joint Union submission, 1991). Wilton (1992) contended that children with mild intellectual difficulties would continue to require specialist assistance even though they would fall into the high incidence category.

Flexibility in shifting funding to where the children were sited was seen to be more difficult where that funding was distributed to institutions through a formula. As children shift around the country, funding secured for them at their old school would not be guaranteed in the new. Under a 100% funded SES such issues would not arise to the same extent (Joint Union submission, 1991).

The flexibility to meet sudden demands would be better gained under a fully funded national service (NZEI, 1992e). Examples were given of tragedies such as Aramoana where extensive, ongoing services would be needed to assist children and staff. It was not felt that funding through a formula could adequately allow for such situations.

Of great concern to parents and Boards of Trustees was the potential for conflict between staff, parents and the Board (NZEI Rourou, 1992a,b,c,d). Parents did not want to be placed in the position of knowing that their child may receive funds at the expense of another child. Preference was given for an objective body such as SES to make such decisions rather than the Boards (NZEI Rourou, 1992c).

Staff members may be placed in competition with each other also, once again with the decision in the hands of the Board. Decisions for which they may have little control could also bring staff into conflict with parents who feel that their child may be missing out on resources (NZEI Rourou, 1992d).

Privacy concerns have also been frequently mentioned (NZEI Rourou, 1992a,d). Details of a child's special needs and family circumstances could potentially be discussed at Board meetings as each child's case is put forward for consideration, particularly where there is competition for funds.

Pivotal to the above issues is the position that the Boards of Trustees would be placed in if contestable funds were to be distributed through them. Initial analysis of responses to the first SEPIT consultation round on the Statement of Intent revealed concern at the appropriateness and ability of Boards to perform this role. For example, what accountability measures would be in place if a school did not provide the required resources or even accept the child? (SEPIT, 1992).

This issue and many of those discussed above were raised again in the second consultation round. According to analysis of the responses, many felt that "Boards of Trustees should not have to take on the burden of responsibility for deciding how to use the funding and/or that Boards did not have the expertise" (Kerslake, p. 9, 1992). Respondents cited pressure from parents, those with vested interests, confidentiality and accountability issues and added administration as reasons underlying their beliefs.

Particular concern has been raised for the position of Maori children under contestable funding (NZEI Rourou, 1992b). Maori children make up a disproportionate number of children with special needs who would come into the school based funding. It is therefore felt that as 'difficult' children they could be perceived by schools as a potential added cost rather than on their own merits. SES was seen to have already made a commitment to a culturally appropriate service with the development of Kaiawahina Reo to connect it's services with the local Maori community (NZEI Rourou, 1992b).

These are just some of the practical reasons that have been the basis for resistance to contestability. Many of the issues have been raised repeatedly over the last few years, indicating dissatisfaction with attempts to find solutions to these concerns. The decision in 1993 not to separate funds according to categories of need was in response to reports that raised these practical disputes yet again. A new method of dividing government responsibility into direct and devolved funding has not yet been devised.

## *2) An ideological critique*

Lack of implementation can also be analysed by considering the underlying principles of contestability seen in the 1987 Government Management document. It can be argued that many are inappropriate to the special education sector. In a sense, by continuing attempts at implementation under these principles, the government shoots itself in the foot. To review, the key principles for this purpose are minimal government intervention, choice, education as a commodity, devolution and the consumer/provider contract.

Firstly, how does a principle of minimal intervention apply in this sector when government has already expressed a commitment to equity and therefore intervention on a national level for a significant number of children? Equity involves considerably more than providing information or even equal services. It implies a commitment to the active redistribution of resources, particularly where they are limited. The government has acknowledged their responsibility to provide more than just information or equal resources by its commitment to the mainstreaming policy, indicating their desire to distribute resources in a particular directed way and not simply as the 'market' determines. Also, at present with a lack of trained staff there is little possibility of private services developing that would be cheaper and therefore able to efficiently take over government responsibility.

Choice is not necessarily provided under contestability. As discussed by many of the reports, fiscal constraints do not allow for the provision of real choice between segregated or mainstreamed education for many parents. Rural and understaffed areas often do not have a choice of staff or the nature of services, in fact they may not have any to 'choose' from. It is also unclear as to who gets to choose, as can be seen in the concerns for potential conflict between Boards, parents and staff.

The notion that education be viewed not as a public good but as a commodity can also be seen as less relevant to special education. Within the wider education sector Grace (1988) refutes this economic analysis of education by Treasury officials. An alternative analysis may be more useful, for example, Cardinal Newman's view of education as cohesive factor in society (Grace, 1988). Maharey (1992) also challenges the exclusively economic base to reform and suggests that organisational theories may provide a more appropriate approach. However, even if education can be referred to as a commodity, special education must be seen as an equity measure that ensures access to that commodity and therefore as a right.

The Ministry of Education raises the difficulty of applying devolution to special education. "The targeting of individual learners with a personal resource package runs counter to the devolution of funding to the institutions via formula" (MOE, 1990). Having said this, the government has not yet been able to come up with a formula for direct funding to schools. The high/low incidence grouping was an attempt to get around this: a small number would receive direct funding and the rest devolved funding via formula. This too, has proved to be unworkable.

Avoidance of bureaucratic capture is given as a primary reason for a shift from central control. Lauder (1991) and Maharey (1992) both critique this notion as being a politically expedient way of excluding particular groups from dialogue. In considering recent increases in the breadth of consultation, perhaps there is a shift to realising that interested parties are able to be rational despite "where they are coming from" (Lauder, p. 7, 1991).



Neither are centralised systems the sole target of those vested interests. It is interesting to note that a reason for not devolving funds to individual Boards of Trustees was their vulnerability to resource capture by certain groups (Kerslake, 1992). As already discussed above, there is also concern for the perceived loss of accountability in a decentralised system, despite claims that devolution purports to increase this for the local community.

The language of special education has grown to include that of the consumer/provider contract. As discussed earlier, interference between the two players should be avoided. Yet, as with the notion of a minimal government interference, this has already been violated, particularly by the mainstreaming policy. This can be seen clearly in the difficulties in trying to define who are the consumers, who are the producers and just what is the product. Central to this dilemma is the debate over who chooses the services; the caregivers, the Boards, the principal, the staff? Or what about the child?

### *Why so long?*

Clearly, the principles promoted in the key documents lack fit for the sector to which they are being applied. Resistance to the policy of contestability has been long, loud and, at times, effective. The question remains: why has the policy remained in the face of such persistent arguments?

One answer is that special education can be seen as sparring ground for ideological battles in education, each faction claiming ownership to the "correct" policy directions. Stewart and Walsh (1992) contended that change in the public sector has more to do with "ideological commitment" (Stewart & Walsh, p. 500, 1992) than combating particular deficits. This is evident in the Statement of Intent's move to bring special education into alignment with regular education reforms. However, care must be taken to ensure that the values of the public service are retained within administration reform and not lost on the battle field (Stewart & Walsh, 1992).

Objections from unions have seen the contestability policy as emanating from a particular group who will continue to "battle" in their search for new means of implementing it. The union role is to continue to guard against this onslaught! (Joint Union Submission, 1991: NZEI, 1992d).

Another consideration is the changing of input into the policy community of regular and special education. The introduction of comprehensive input by the Treasury in 1987 saw a shift from the traditional mainly educationalists' concerns. Now, according to Rae, "Both the Treasury and State Services Commission have continued as significant actors in the new patterns of education administration" (Rae, p. 8, 1992).

The effectiveness of educationists' input has been limited by the analysis promoted by Treasury documents and in many subsequent education documents. Under such analysis any concerns of practitioners or administrators could be dismissed as 'vested interest'. This silencing, in combination with lack of experience amongst educationists with the economic arguments, and the, at times, short time allowed for consultation, effectively dampened useful opposition for some time.

Recent consultation practices, however, appear to indicate a change. Perhaps there is a realisation that change cannot be as effective when practitioners and those involved in the sector are excluded because of their 'vested interest'. The inclusion of a parent representative as a result of consultation and the sheer breadth of that consultation, may represent another shift in the policy community. However, as with a similar consultation group on bulk-funding, there must be questions as to how much weight their findings will be given when decisions are eventually made by the Minister.

## Conclusion

The lack of implementation to date must be viewed in the light of the remarkable persistence of the policy over the last six years. The reasons for both results are complex and could be seen as indicative of the ongoing debates within education reform, for example, the early childhood sector (Meade, 1993). The uneasy fate of contestability over the next stage of implementation was to be delayed until after the recent general election. The close result has been interpreted by some in the media as the death of New right policies such as contestability. The accuracy of such predictions and the possible response of such policy proponents, should it not be implemented, is also uncertain.

The reforms taking place in special education in New Zealand can be viewed as an example of the nation's attempts to resolve the current crisis of state. By considering both the degree of fit of the underlying principles of contestability and the practical problems raised by potential users of the policy, this study has demonstrated that there are many valid reasons for the delayed implementation to SES. It is debatable whether all of them will be-reconcilable with its possible eventual implementation. Such an implementation, if made possible, would then be indicative of the dramatically changing face of New Zealand.

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