

# AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

## PRESS RELEASE 575#

### **PRIVATISATION OF EDUCATION : TRIED AND FOUND WANTING ONLY PUBLIC PROVISION CAN PROVIDE PUBLIC ACCOUNTABILITY**

Privatisation of education in the Anglo-American world – which Australia follows slavishly - has been tried and found wanting. It has been rejected, not only by Australian academics, but by writers of a United Nations Report presented last week to the United Nations General Assembly. Meanwhile, contracting education services to private providers has encouraged what can only be described as corruption and profit for the boys – and girls at the highest level.

1. A leading education academic says that education policy in Australia is based on myths. Professor **Stephen Dinham** from the University of Melbourne said that Australia is getting “the worst of both worlds” by copying policies from the United States and the United Kingdom. He called for greater scrutiny of these policies by educationalists. ([http://austcolled.com.au/sites/default/files/articles/sd\\_the\\_worst\\_of\\_both\\_worlds\\_how\\_the\\_us\\_and\\_uk\\_are\\_influencing\\_education\\_in\\_australia\\_-\\_wa\\_2014.pdf](http://austcolled.com.au/sites/default/files/articles/sd_the_worst_of_both_worlds_how_the_us_and_uk_are_influencing_education_in_australia_-_wa_2014.pdf))
2. **A report presented to the United Nations General Assembly** in New York October 31, 2014 condemned the worldwide trend to privatisation of education. The report warns that the rapid expansion of private education is increasingly replacing public education and exacerbating inequalities in societies.

Not only does privatisation lead to gross inequalities in both educational opportunities and social relations. It also leads to corruption, lack of accountability and misappropriation of public moneys. DOGS have noted the misuse of public money by the private religious sector for decades, but, more recently, the contracting out of public services by the public sector itself has led to not just jobs but ‘shares’ for the boys.

3. **Corruption at the managerial Level** : The Fairfax media (*Age* 12.11.14) have revealed Senior Victorian education department officials bought shares in and took jobs with the company given a \$60 million contract to deliver the failed Ultranet schools IT project. Two officials were given executive jobs at CSG Limited, the company given the contract. The expenses blew out to \$180 million and the Napthine government shelved it last year. <http://www.theage.com.au/it-pro/government-it/ultranet-shares-and-jobs-scandal-snares-victorias-education-department-20141111-11kk3l.html>

**DOGS BELIEVE THAT WE SHOULD RETURN TO PUBLIC PROVISION,  
PUBLIC ACCOUNTABILITY AND MINISTERIAL RESPONSIBILITY.**

## **Relevant articles:**

### **1. Education Policy is Based on Myths According to Leading Academic**

Tuesday November 4, 2014

A leading education academic says that education policy in Australia is based on myths. Professor Stephen Dinham from the University of Melbourne said that Australia is getting “the worst of both worlds” by copying policies from the United States and the United Kingdom. He called for greater scrutiny of these policies by educationalists.

In a speech last week to the Australian College of Educators in Western Australia, Professor Dinham said that “what appears to be a widespread movement to denigrate and dismantle public education is gaining momentum” under the influence of policies in the US and the UK. He said that myths and beliefs underpinning education policies in these countries have been accepted “almost without evidence or questioning” in Australia and have assumed the status of ‘facts’.

Professor Dinham said that policies such as independent public schools, greater school autonomy, deregulation of education and shifting teacher education to schools are finding increased support and traction in Australia despite the lack of evidence to support them:

With these developments, educational research and other evidence has been distorted, discounted or disregarded in favour of deregulation, privatisation, corporatisation and quick fix solutions to the supposed problems of teaching and the ‘crisis’ in schooling. Educators have been either silent or silenced in debates and discussions about education.

He said that school autonomy in particular “has become something of an article of faith”. He said that it should not be up to the proponents of major change to provide supporting evidence prior to its widespread introduction, he said: “It should not be left to others to disapprove or question these significant developments”.

According to Dinham there is a “manufactured crisis” in public education which is eroding confidence in the system. He said this rhetoric of crisis must be challenged.

The rhetoric of crisis needs to be challenged as must the glib exhortations to privatise, corporatise and deregulate education... We need to strengthen public schools and public education for the betterment of all and we need strong affirmation in support of public education. Education should not be about user pays or survival of the most advantaged.

Despite most public schools performing well, the drift to private schools and more recently to independent public schools is being actively encouraged by governments. Yet many private schools are not living up to expectations as NAPLAN data clearly demonstrates.

Professor Dinham said that the education policies being implemented in Australia are failing to address the real causes of the achievement gap.

Australia is becoming a more unequal society and recent developments are exacerbating that inequality. Disadvantage is being entrenched and not overcome and there will be a price to pay in terms of personal, social and economic prosperity...

If these developments continue, the inevitable outcomes will be greater inequity and continuing decline in educational performance...

He called on the education profession to become more active in subjecting these education policies to intense scrutiny before it is too late.

If the profession remains silent and passive in the face of some of these developments it will have itself to blame, at least in part, for what might eventuate.

Also see [http://austcolled.com.au/sites/default/files/articles/sd -  
\\_the\\_worst\\_of\\_both\\_worlds -  
\\_how\\_the\\_us\\_and\\_uk\\_are\\_influencing\\_education\\_in\\_australia - wa\\_2014.pdf](http://austcolled.com.au/sites/default/files/articles/sd_-_the_worst_of_both_worlds_-_how_the_us_and_uk_are_influencing_education_in_australia_-_wa_2014.pdf)

## **2. UN Report Condemns Privatisation of Education**

Friday October 31, 2014

A report presented to the United Nations General Assembly in New York this week condemned the worldwide trend to privatisation of education. The report warns that the rapid expansion of private education is increasingly replacing public education and exacerbating inequalities in societies.

“Education must be protected from the forces of privatisation... Education is not a privilege of the rich and well to do; it is an inalienable right of every child” said Kishore Singh, the UN Special Rapporteur on the Right to Education, in presenting his report to the Assembly.

Mr. Singh warned that privatization is detrimental to education as a public good, and impairs the humanistic mission of education:

“Privatization in education cripples universality of the right to education as well as the fundamental principles of human rights law by aggravating marginalization and exclusion in education, creating inequities in society.”

He called on governments to expand free public education rather than subsidise private education:

“The governments should overcome limitations on public education system to provide quality basic education for all, free of costs. They should expand public educational opportunities for the marginalized, especially children from poor families, who remain deprived of education. This is their core obligation under human rights law.”

“Principles of social justice and equity should be kept in forefront in introducing reforms in education systems.”

“States should put an end to market-driven education reforms providing subsidies to private education. Taking into consideration research based evidence, they should not allow low cost private schools. Similarly, they should put an end to provision of school vouchers etc., nor should they allow ‘for-profit institutions’ in education.”

Mr. Singh said that where private education is permitted it should be closely regulated:

“States should develop a regulatory framework to govern the private providers of education. This is essential to hold them accountable for their operations with rigorous scrutiny. Such a framework should be comprehensive so as to apply to private education providers at all levels from preschool through basic education to higher education.”

**Statement by the Special Rapporteur on the right to education at the 69th session of the General Assembly**

Kishore Singh

New York, 27 October 2014

Mr. Chairperson, Excellencies, Ladies and Gentlemen,

Today, I have the honour to present my report to the United Nations General Assembly on a theme of critical importance: the State responsibility of safeguarding the noble cause of education in face of its mercantilisation, and preserving education as a public good.

Mr Chairperson,

One witnesses explosive growth of privatization in education. Taking advantage of the limitations of Government capacities to cope with rising demands on public education, privatization is making its intrusion at all levels in education, and the phenomenon of education as an attractive business is assuming alarming proportions, with scant control by public authorities. There is widespread concern with the negative effects of privatization in education. Scholarly writings have looked critically into the neo-liberal model of schooling, entailing “State withdrawal in favour of privatization”. Civil society organizations have also expressed concern with the profound impact of privatisation in education globally as a key emerging issue regarding the realization of the right to education. I would like to applaud a UNESCO-Francophonie study which throws light on how all those involved in privatization of education are turning to rather wealthy families with slogans extolling the quality, or toward the disadvantaged public with altruistic slogans, which hide often the profit or political character of their endeavours.

As my report analyses, privatization negatively affects the right to education both as entitlement and as empowerment. Moreover, it depletes public investment in education as an essential public service. Regulating private providers has become one of the key challenges for public policy today as privatization is supplanting public education instead of supplementing it.

Mr Chairperson, Excellencies,

Privatization in education cripples universality of the right to education as well as the fundamental principles of human rights law by aggravating marginalization and exclusion in education, creating inequities in society. Research and reflections show how education itself is being recast as a sector and increasingly opened up to profit-making and trade, and to agenda-setting by private, commercial interests, and the learner is increasingly conceptualised as a consumer, and education a consumer good.

Access to education, based upon capacity to pay fees, which in many cases can be exorbitant, flies into face of prohibited grounds of discrimination. States have legal obligation under international human rights conventions to outlaw discrimination in education based on “social origin”, “economic condition”, or “property”, of which private schools are a glaring example. Often, admission criterion in private institutions is not based on merit or capacity, but on the ability to pay, irrespective of merit. This is in contravention of basic norm laid by the Universal Declaration of Human Rights and by the international human rights conventions. Inequalities in opportunities for education will be exacerbated if this is allowed to continue.

Education is not a privilege of the rich and well-to-do; it is an inalienable right of every child. State is both guarantor and regulator of education which is a fundamental human right and a public cause. Provision of basic education free of costs is not only a core obligation of States, it is also a moral imperative. The State is the legitimate authority which enjoys full prerogatives for exercising regulatory power covering all levels of education system. My report lays stress on the need for regulating privatization in education, bearing in mind the principles and norms underpinning the right to education and the State responsibility under human rights law.

Mr. Chairperson, Excellencies, Ladies and Gentlemen,

Driven by business interest, privatization by definition is detrimental to education as a public good, and vitiates the humanistic mission of education. We must recognize the importance of preserving the social interest in education, and uphold education as public good. This is invaluable for fostering the humanistic value of education for common well-being and pursuit of ideals of humanity. This should be a central concern in regulating private providers of education so that such a mission of education is not sacrificed for the sake of private profits. States have principal responsibility for the direct provision of education in most circumstances, and the development of a system of schools at all levels. We must always bear in mind that education is primarily the obligation of the State. States must prioritize public education funding and support to ensure its international obligations are met.

When privatization is permitted, it must be carefully regulated, and allowed only as a supplement to public education. The adverse effects of privatization in education must receive foremost consideration in public policies, bearing in mind principles and norms underpinning the right to education. The States have the obligation under human rights law to establish conditions and standards for private education providers and maintain a transparent and effective system to monitor these standards, with sanctions in case of abusive practices. Governments must ensure that private providers in education respect quality standards and norms and education provided meets its essential objectives. Public authorities must also ensure that private schools deploy only qualified teachers and that they provide them in-service training, with career development prospects.

Legal framework or policy responses are inadequate or non-existent in private higher education where demand-absorbing institutions representing mostly lower level and lower quality institutions cater to the surging demands for education. Many of these act much like “for-profit form” with “loosened government regulations” or “in a regulatory vacuum.” Abusive practices by private providers denote the failure of States to adequately monitor and regulate privatized education. This calls for strengthening human rights mechanisms to

effectively address and sanction violations of the right to education by private providers. I have accordingly offered a number of recommendations in my report.

Mr. Chairperson, Excellencies, Ladies and Gentlemen,

Guided by human rights law and inspired by general principles of social justice and equity as well as by education as a public good, States should develop a regulatory framework to govern the private providers of education. This is essential to hold them accountable for their operations with rigorous scrutiny. Such a framework should be comprehensive so as to apply to private education providers at all levels from preschool through basic education to higher education.

The governments should overcome limitations on public education system to provide quality basic education for all, free of costs. They should expand public educational opportunities for the marginalized, especially children from poor families, who remain deprived of education. This is their core obligation under human rights law. States should put an end to market-driven education reforms providing subsidies to private education. Taking into consideration research based evidence, they should not allow low cost private schools. Similarly, they should put an end to provision of school vouchers etc., nor should they allow ‘for-profit institutions’ in education.

If private sector has to be made a partner in development, then, public policies should be put in place to safeguard social interest in education, while encouraging corporate social responsibility schemes aimed at contributing to education. Principles of social justice and equity should be kept in forefront in introducing reforms in education systems.

Abusive practices in education make it incumbent upon Governments not to allow private school or educational establishment to operate unless its credentials and standards are verified by designated public authorities. National authorities must address the complex challenges arising from abusive practices, including corruption in privatized education. States must ensure that any abuses are meaningfully addressed and prosecuted to the full extent of the law. Nationally designated authorities should undertake a full scale investigation of fraudulent practices including tax evasions by private providers who reap profits in the name of education.

It is equally important that States carefully enforce their regulations through monitoring and enforcement. While education ministries have the first responsibility to ensure that education within the country meets international obligations, governments should also strengthen human rights mechanisms to provide parents with a place to report suspected wrongdoing, and for such bodies to have the ability to conduct investigations into any such allegations.

Mr Chairperson,

Private providers in education are accountable to the State and to the public for their activities, as demonstrated by a large number of court rulings worldwide, cited in my Report. Public interest litigation should be supported when authorities are unwilling or unable to act against such malfeasance. This will reinforce the justiciability of operations of private providers in education. Regulating operations of private providers in education can be inspired by numerous decisions by courts and emerging jurisprudence.

I encourage civil society to be a strong voice against the commercialization of education, and to be vigilant observers and reporters of abusive practices in education. It is also important to encourage and support research, events and expert consultations on the adverse effects of privatization on the exercise and enjoyment of the right to education. I also believe that the Parliamentarians have a crucial role to play in promoting the right to education, through the passing of legislation, and the stimulation of public debate, centred around preserving education as a public good and ensuring that “for-profit” education is outlawed.

Mr Chairperson, Excellencies, Ladies and Gentlemen,

Before concluding my statement, I would like to emphasize that education is a public good that serves a greater social purpose that benefits all. Universal access at the minimum to free basic education of good quality for all provided by public schools must be an overriding development concern. In the context of the Post-2015 Development Agenda, it is important to ensure that States do not disinvest in public education by relying on private providers. Education deserves a high development priority, along with the responsibility for highest public investment in appreciation of the fact that both the individual and the society are its beneficiary.

I look forward to the dialogue with States and to continued interactions and invaluable support with a view to upholding and fostering noble cause of education.

Thank you.

<http://www.saveourschools.com.au/choice-and-competition/education-policy-is-based-on-myths-according-to-leading-academic>

### **3 Ultranet shares and jobs scandal snares Victoria's education department**

*The Age*: November 12, 2014

**Richard Baker, Nick McKenzie and Benjamin Preiss**



The Ultranet schools IT project was dumped by the Coalition government last year.

Senior Victorian education department officials bought shares in and took jobs with the company given a \$60 million contract to deliver the failed Ultranet schools IT project.

The revelations will re-ignite questions over the former Labor government's handling of the project – dumped last year by the Coalition after its cost blew out to \$180 million – and come as Victoria's anti-corruption agency continues its probe of the education department.

The shares scandal was uncovered by a secret 2010 internal education department inquiry which revealed its general manager, John Allman, had bought shares in CSG Limited before it was announced winner of the Ultranet contract in July 2009.

The internal inquiry also found two of the department's then regional directors, Wayne Craig and Ron Lake, purchased 11,289 and 1112 CSG shares respectively after it was awarded the Ultranet contract.

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Mr Lake's assistant regional director for Loddon Mallee, Julie Baker, also bought 14,238 CSG shares in August 2009. CSG's share registry confirms these purchases.

Fairfax Media understands the department's former acting secretary, Jeff Rosewarne, received the findings of the internal inquiry in early 2011.

But it appears Mr Rosewarne, who also headed the Ultranet Project Board, had not acted on the inquiry's recommendations for disciplinary action and referral of the share purchase to the Australian Securities and Investment Commission by the time he was appointed head of the Primary Industries department in August 2011.



Fairfax Media can also reveal the education department deputy secretary responsible for the Ultranet, Darrell Fraser, took an executive job with CSG in July 2011, two years after he was instrumental in giving the company its biggest-ever contract against the advice of Premier and Cabinet and Treasury.

Mr Fraser was joined at CSG six months later by another senior education bureaucrat responsible for the Ultranet, Dianne Peck.

The decision to award CSG the Ultranet contract shocked many in the education department and IT sector, with widespread concern over the Darwin-based company's lack of experience and expertise in delivering major projects.

Victoria's Auditor-General confirmed these concerns in December 2012, reporting "serious process and probity issues" with the Ultranet tender process, including CSG's suspension from bidding in February 2009 only to months later re-emerge as the contract winner.

Fairfax Media can reveal that the key to CSG winning the Ultranet tender was its \$5 million offer to buy a small company part-owned by a former colleague of Mr Fraser and Ms Peck's weeks before tender process began in November 2008.

CSG bought a little-known company called Cinglevue Pty Ltd on October 17, 2008. Cinglevue was a vendor for US software giant Oracle's educational products.

Oracle had been a partner in the Ultranet prototype trialled at Glen Waverley Secondary College, where Mr Fraser was principal and Ms Peck his assistant principal in the early 2000s.

Company records show another former Glen Waverley Secondary College staff member, Frank Aloisio, was a director and part owner of Cinglevue until its sale to CSG in October 2008.

Cinglevue's other owners were former WA education department official-turned-Oracle executive, Greg Martin, and Perth IT businessman, Greg Tolefe.

Mr Aloisio was also a former business partner of the education department's Ultranet project director Ben Cushing. Mr Cushing had worked at Glen Waverley under Mr Fraser and Ms Peck.

West Australian Supreme Court documents reveal that CSG paid \$1.8 million for Cinglevue in October 2008 and a further \$3.2 million when the Ultranet contract was signed in June 2009.

The documents refer to an "exclusive teaming agreement" between Oracle and Cinglevue to enable the Australian company to "act exclusively as the prime contractor with respect to the Ultranet tender response and the subsequent Ultranet agreement".

In a statement, an education department spokeswoman said the department's secretary Richard Bolt was provided with the internal inquiry into the CSG share purchases shortly after he was appointed to the role in late August 2011.

"Mr Bolt instructed his department to refer the report to ASIC and he also implemented the disciplinary actions recommended to him. In May 2012, ASIC advised the department it was not going to initiate a formal investigation," the spokeswoman said.

Mr Allman, who is now the department's south-east regional director, said he co-operated with the internal inquiry and accepted its recommendations.

"My decision to buy those shares was simply part of a long-term ongoing interest and was in no way on the advice of or connected with any employee of the department, past or present," he said.

Mr Craig, whose wife is understood to have bought the shares under his and her name, declined to comment. He left the department last year and was not involved in the decision to give the Ultranet contract to CSG.

Mr Lake, who resigned as the department's regional director for the Loddon Mallee in 2012, is now a director of schools in Riyadh, Saudi Arabia. He did not respond to Fairfax Media's inquiries.

Ms Baker has also left the department and worked as a consultant with Mr Lake in Saudi Arabia in late 2012.

Mr Fraser and Ms Peck have left CSG and have also worked in Saudi Arabia with Mr Lake. Neither has responded to Fairfax Media's inquiries.

Mr Cushing and several other former education department staff involved with the Ultranet have also since worked in Saudi Arabia.

Mr Rosewarne, now a director of the Catholic Education Office, declined to comment.

Announcing the signing of the Ultranet contract in July 2009, then education minister Bronwyn Pike described the tender process as "rigorous and comprehensive" and said CSG had "proven it is ready, willing and able to take on this important project."

CSG's education technology business was bought by Japan's NEC in 2012.

## **THE ULTRANET SCANDAL**

### **What is the Ultranet?**

An intranet for Victorian government schools promised in 2006 by the then Labor government.

It was shelved by the Napthine government after costs blew out to \$180 million and it had few users.

### **Why is IBAC investigating the Education Department over the Ultranet contract?**

Senior Education Department bureaucrats bought shares in the company awarded the Ultranet contract, CSG, and two were given executive jobs at CSG.

## **HOW THE SCANDAL UNFOLDED**

### **2004**

Labor government holds trial of Ultranet using software from US giant Oracle at Glen Waverley Secondary College. The college's principal Darrell Fraser (left) joins education department as a deputy secretary.

### **November 2006**

Labor promises Victorians it will deliver a \$60.5m IT project to connect students, parents, teachers and administrators to classrooms.

### **August 2007**

First request for tender to develop Ultranet released. All bids are over \$100m so department cancels tender process and reduces project by 90 per cent. Cinglevue Pty Ltd is registered, part-owned by a former Glen Waverley SC staff member and with an exclusive deal to provide Oracle software.

### **October 2008**

Darwin IT firm CSG Limited offers \$5m to buy Cinglevue.

### **November 2008**

Second request for tender for Ultranet begins.

### **February 2009**

Education Department Ultranet project board suspends CSG from bidding.

### **May 2009**

CSG re-emerges as preferred Ultranet tenderer.

### **July 2009**

Labor's then education minister Bronwyn Pike announces \$60.5m contract signed with CSG.

### **August 2010**

Ultranet launched across Victoria and students given day off so teachers can get accustomed. System crashes, embarrassing government.

### **November 2010**

Ted Baillieu leads Coalition to surprise election victory. Internal Education Department inquiry into senior officers buying shares in CSG begins.

### **Early 2011**

Report of internal inquiry confirms four senior officers, John Allman (right), Ron Lake (far

right), Wayne Craig and Julie Baker, had bought shares in CSG. Report delivered to acting education secretary Jeff Rosewarne.

**June 2011**

Darrell Fraser resigns as deputy secretary and takes senior executive post with CSG.

**August 2011**

Jeff Rosewarne (left) becomes Primary Industries Department secretary. New education secretary Richard Bolt handed report into CSG share buying. He acts on recommendations, taking disciplinary action and referring to ASIC.

**January 2012**

Education Department's key Ultrahet officer, Dianne Peck, joins Darrell Fraser at CSG.

**May 2012**

ASIC decides not to launch formal investigation into CSG share trading.

**December 2012**

Auditor General reports cost of Ultrahet has blown out to \$180m and finds serious probity issues with tender process.

**June 2013**

Napthine government announces taxpayer support for the Ultrahet will end at the start of 2014, effectively killing the project.

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