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27 September 2016

New Zealand Productivity Commission
New Models of tertiary education (Draft)

The Productivity Commission has produced the best review of tertiary education for some time, but

1. It accepts some descriptions of the current system too uncritically; and
2. Leaves for future work, defining the “new models” called for in the terms of reference in the contexts of funding and pricing, the quality of education, different activities and markets, access, participation and achievement of priority groups, and position in the international market.

New Models makes the case for tertiary education being characterised by inertia. It might, however, have noticed that in the case of universities, this has a very long history, extending well into the antecedents of university education in New Zealand. Not for nothing is “New College” Oxford a 15th century foundation. The fundamental strategy of universities has always been to welcome reformers, give them a patient audience with some hospitality and wait for them to go away. It has been a very successful strategy. There have been major innovations such as the gradual separation of Oxford and Cambridge from their religious origins with 1870 a key date; the foundation of the research university in Prussia in the first half of the nineteenth century; and the creation of “red-brick”, “civic” universities in the UK and land-grant colleges in the US in the later nineteenth century (which led directly to the changed scale of public funding of New Zealand universities after World War II). But universities have mostly evolved by incremental change. We might infer that “new models” are more likely to be created by setting directions, monitoring developments, and modifying the context rather than by seeking to create revolutionary change. (This is despite the reservations about “setting direction” which are discussed below.)

A preference for evolution over revolution probably applies to the tertiary sector as a whole. *New Models* rightly treats “tertiary” and “post-compulsory” as synonyms; in the 1980s, post-compulsory included the upper secondary school but it proved unwise to ignore the institutional coherence of schools. There is now much more explicit attention to student transitions, especially the major ones such as from schools to tertiary institutions. Treating “transitions” as a problem is a mistake; all education is fundamentally a transition from one level of knowledge and capability to another. But it is appropriate to seek to ensure that transitions such as moves from one institution to another and from one class or course to another within an institution do not unnecessarily impede learning. Even more important, the emphasis should be on learning and students, not on institutions. Nor on qualifications even though they are a useful indication of completed courses of study and signals to employers. The critical objective is continual lifetime learning.

So while *New Models* is the best review of tertiary education for some time, it is too institutional-focused and too static in its conception of tertiary education. It mentions lifelong learning (e.g. pp. 107, 192-3) but that should be the focus. The important question is not whether graduates have the skills employers want but whether graduates in employment show the ability to go on acquiring new knowledge and expertise to meet changing circumstances.

In any case, it is unwise to rely on ritualistic anecdotes. Employer complaints about the skills of new graduates are merely the contemporary equivalent of the complaints of medieval masters about the behaviour of apprentices (but usually provide less entertainment). The same is true of the complaints of academics about the preparedness of students to engage in self-directed learning when they emerge from schools. Transferring responsibility to the preceding stage of learning is seldom justified. *New Models* should be less credulous.

The integration (or “bundling”, although students are hardly required to “buy” a package) of teaching and research requires consideration beyond the responses of current students or academic papers which explore only a very direct link between research achievement and teaching quality. The requirement that degree-level teaching be done predominantly by people active in research was derived from the importance of lifelong learning. Research was how most teachers learn about integrating new knowledge with existing knowledge, discarding what is overtaken, modifying what needs changing and absorbing that which is new and valid. Large systems can specialize, as in the US liberal arts colleges or the T and R universities of the Netherlands, but even Australia has difficulty. (I do not know the experience of *Notre Dame* University.) New Zealand universities have had a few individuals who do not fit the general pattern, and it requires good academic management to fit people into the appropriate place of the spectrum of teaching and research specialization but the overall argument has not been convincingly displaced.

The role of universities used to be stated succinctly as “the advancement of knowledge, and the maintenance and dissemination thereof, by teaching and research”. The dynamic elements of that should not be lost in the search for immediately useful skills. Preservation of what was good and addition to it was the context in which “critic and conscience of society” was first conceived – it was never intended that the characteristic (which became a “role” in legal drafting) was a licence for public commentary distinct from genuine expertise.

New Models makes an interesting point that there is little research on pedagogy in tertiary institutions. (I am aware of more in ITPs than in universities, mainly in relation to overseas students.) My personal experience was that I learned most about teaching by watching other practitioners and that I also learned a great deal from research and practice in relation to school teaching. Furthermore, informal interaction among university academics included a great deal of discussion of effective pedagogy. I would, therefore, be cautious in drawing conclusions from a scrutiny of formal publications. Commentary to the effect that research was valued more than teaching is well known – it can hardly be missed. There is an element of truth in it just as there is in the observation that in every music school, performance is more valued than musicology. But the student perspective is not unbiased. Complaints by teachers that teaching is not recognised are more often than not excuses for poor research performance. In my experience of university management the complaint is vastly exaggerated and there are systems for assessing teaching performance by self-review, peer review, student assessment, and, most important, assessments by former students. I have long believed that the best way forward is through more systematic collection of assessments by students five to ten years after their experience by when they will be aware of the longer-term effects of their learning. *New Models* does not displace that belief.

One of the best sections of *New Models* is that which asks “How did the system get like this?” (pp. 199ff.) The lesson I infer, but which is not explicit in the report, is that from about 2000, several changes combined to have unintended effects. An attempt to remove quantitative caps on participation drew a fiscal reaction, the creation of TEC and its “investment in a plan” approach generated emphasis on inputs instead of the intended focus on outcomes and quality, and “steering the system” became detailed specific controls.

The EFTS system introduced in the 1980s did not conceive students as inputs into a co-production system. Rather it was the best available measure of student learning. Students undertook various sizes of course of study and “learning available from full time study for an academic year” was a convenient, if imperfect, unit. No direct measure of the quality of learning could be established and the best available instrument of management was to establish minimum acceptable quality standards. It was hoped that continual improvement would enable the EFTS system to evolve into a more direct measure of the quantity and quality of learning but that has not happened. (The novelty of the EFTS system is often exaggerated. While university funding had been through quinquennial settlements, the size of the settlement was determined by estimated enrolment trends, and in the years of high inflation there were adjustments within settlements for deviations of inflation or enrolment from predicted levels. Both before and after 1990, EFTS were weighted for different courses of study. The main change in 1990 was in the transparency of the system, especially for polytechnics.)

I do not find in *New Models* any convincing sign that there will be improved means of assessing quality. Finding 12.2, p. 297 merely notes the uncertainty of “good quality”, and then retreats to “minimum standards”, exactly the course taken in 1988. It is clear that TEC has resorted to measuring inputs with an inhibiting effect on innovation. There has been some effort by NZQA to induce self-review by the institutions it monitors supported by external evaluation using evaluative questions of the kind used by the Education Review Office in schools and early childhood centres. I would have welcomed a review of this effort and a consideration of whether it offers a path forward.

A path forward is required for the *New Models* recommendation of self-accrediting, abolition of CUAP and revision of NZQA monitoring, and abolition of UE etc. The survival of UE since 1961 is surely a record of relic-preservation, and the predecessor of CUAP should have been a transitional device. But while there is indeed a parallel with banks in the 1980s, we were able to define sufficiently the criteria which an institution seeking recognition as a “bank” had to satisfy. There is a lot still to do in the case of TEIs.

Retreat to input measurement is far from limited to the education sector. I was surprised some years ago when contracted by the SSC and somewhat more recently by Crown Law that my suggestions for quality assessment were declined in favour of a diary of hours spent on an assignment. The education sector is often unduly insular in its thinking, but inadequate quality monitoring is a feature of the public sector – and probably some of the private sector too. Nevertheless, we should be able to show some progress.

Caps on student numbers are essentially a mechanism for limiting and allocating fiscal risk. They always existed for “expensive courses” like medicine – the potential returns to opportunistic behaviour would otherwise have been immense – but “open entry” was a feature of New Zealand which was attractive to anybody who had experienced the frustrations and futility of controlled entry elsewhere. Of course, it was a target for critics of the abilities of entering students but no more convincingly so than other aspects of transferring responsibility for inadequate performance.

TEIs sensibly seek to have government bear the financial risk of increased participation. But claims that management depends on certainty are essentially internally inconsistent. “How can we budget if we don’t know what our income is?” may still be a frequent question – it certainly was – but it reveals only a misunderstanding of “budgeting” as “allocation of funds” rather than prepared responses to different outcomes from uncertainty. *New Models* notes that “purchasing” is a better concept than “funding” and it could have gone on to explore the level of management capability

that is characteristic of the sector. The notion that some courses are inherently more expensive than others owes a lot to the thought that somebody else funds “costs” which are immutable rather than management being responsible for optimally allocating its resources. *New Models* also notes (correctly) the way that staff loyalties are guided by disciplines rather than corporate identities but it does not explore the consequent management challenges. Management of professionals is not unique to tertiary education but it may be extreme there (partly because it is combined with virtual freedom from the consequences of commercial failure). The days of essentially amateur managers partially seconded from academic pursuits may be over.

There are, however, compromise positions between TEIs bearing all enrolment risk or central government bearing all fiscal risk. For example, the government could prescribe limits to its financial contribution to SAC, implementing a regime by which the per student subsidy varied as enrolments reached defined totals. Such a suggestion requires concentrated policy analysis to discern any hidden incentive effects, just as does the more radical suggestion of *New Models* of a move towards individual education accounts. The obvious danger in that proposal is that it would incentivize TEIs to maximize enrolments in introductory courses. Recent trends in participation in tertiary education deserve more analysis and securing participation from priority learners remains important, but it is unlikely that it provides a route to the end goal of life-long learning.

The case for making TEIs take responsibility for setting their own fees is overwhelming. Giving students the protection of a government control is to privilege politics over the goal of student learning. The *New Models* recommendation on student loans is also overwhelming and should be strongly supported despite the inevitable reaction. I am glad that the terms of reference, “The focus will be on pricing and fee-setting and not on student support (i.e. student loans and allowances)”, did not preclude the recommendation. My only criticism is that *New Models* treats student loans entirely as a matter of student support, almost as a welfare measure. Student loans are a mechanism which allow the community to participate in the acquisition of human capital which will generate citizen welfare in the future. We should pay more attention to the positive impact on the country’s balance sheet as well as to the fiscal cost of interest and principal write-offs.

The intent of *New Models* to be responsive to student demand can be endorsed; the issue is to reconcile it with the demands of quality learning in the face of economic and social changes. A central allocation model is no more likely to be successful by seeking specific skills defined in terms of subjects. Subjects are useful for organising class timetables and arranging library books, both skills with diminishing value. Disciplines are vehicles for exploiting synergies across learning areas and for socialising useful modes of enquiry, both of which have great value and also clear risks of creating unnecessary boundaries and rigidities. These are matters of academic management; we can be even clearer that subjects are not a sensible mechanism for defining the skills which identify especially valuable graduates. Allowing STEAM to displace STEM, putting the arts back into science, technology, engineering and mathematics is only a signal that it is folly to substitute current competences for ability to continue learning and folly to identify competence in subjects with valued attributes. The link between subjects and capabilities is more complex than that. (It is even odder to read enthusiasm for substituting proficiency in programming for the computer science knowledge and capability which will permit ready adoption of new computer-based work in the future. I am more used to seeing programming in the line of skills which have become redundant such as the 19th century tricks for checking the accuracy of mental arithmetic, or twentieth century skills in shorthand.

The Productivity Commission has provided a valuable report. There is opportunity for the final report to be even more convincing.

Gary Hawke